

He blamed
PERSPIRATION
for those CLAMMY SOCKS...
But the real cause was
**ATHLETE'S
FOOT**



MILLIONS of people who think they suffer from nothing more than perspiring feet will do well to take a look at the flesh between their toes tonight.

Does it feel moist and sticky? Are there white, seeping blisters? Or does the skin look red, angry, with itching? Is it scaly, peeling, cracked open and raw? Any one of these danger signals warns that more is wrong than merely perspiration.

For chances are you have a case of Athlete's Foot, and in the flesh between your toes there lurk billions of tiny, repulsive fungi—digging and boring, breeding and giving off sticky seepings.

**Apply this
Inexpensive Treatment**

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When you buy, accept nothing but the real Absorbine Jr. All drug stores, \$1.25. For free sample, write W. F. Young, Inc., 372 Lyman Street, Springfield, Mass. In Canada: Lyman Bldg., Montreal.

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for years has relieved sore muscles, muscular aches, bruises, burns, cuts, sprains, abrasions, SUNBURN

JUNE, 1934

**REVIEW^{*}
OF REVIEWS
AND WORLD'S WORK**

Edited by **ALBERT SHAW**

The Progress of the World

A Leader in an Emergency, 9 . . . Adopting a Moderate Money Policy, 10 . . . Compromising on Silver, 11 . . . Congress Prepares for Election Day, 12 . . . Regulating the Exchanges, 12 . . . The Future of American Banking, 13 . . . Education Survives Depression, 41 . . . What Future for the Graduate? 41 . . . The Day of Isolation Is Over, 41 . . . Methods of Tariff Making, 42 . . . Reviving Foreign Trade, 42 . . . Japan's Best Customer, 43 . . . China Is Building Highways, 44 . . . No Reason to Fight Our Friends, 44.

Special Features

RECOVERY POLICIES IN THE SECOND YEAR	Albert Shaw	9
WHY REPORTERS LIKE ROOSEVELT	Raymond Clapper	14
BURYING THE BANKER	Joseph Stagg Lawrence	19
THIS WORLD OF OURS	Nicholas Murray Butler	24
BRAIN TRUSTS OF HISTORY	Roger Shaw	25
THE PULSE OF BUSINESS		27
CUTTING THE COST OF SICKNESS	Jo H. Chamberlin	30
CIGARS—5c AND OTHERWISE	Howard Florence	35
LOOKING ABROAD WITH SECRETARY HULL	The Editor	41
THE HIGH COST OF SLUMS		46
MANHATTAN OFFERS	George Brandt	48
PROSPECTING FOR PLEASURE IN THE NORTHWEST		56

Departments

The World of Books	4
Highlights in American Satire	40 and 45
Civic Achievements	46
The March of Events	50
Travel: Prospecting for Pleasure in the Northwest	56

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Volume LXXXIX



Number Six

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Volume LXXXIX



Number Six

What Critics Are Saying About Roger Shaw's New Book

- ★ I HAVE read "Handbook of Revolutions" with the deepest interest. Roger Shaw has done the job so vividly and swiftly that one gets in an hour's reading the wonderful turning points in the dim long stretch of the ages, and a notion of their effect. He shows us the great stream of history changing its direction and tumbling to new levels. The book is a Godsend to busy men.

IRVING BACHELLER

Noted American author

- ★ MOST interesting and I want to congratulate Mr. Shaw on his selection and extremely fair and unbiased handling of the so divers subjects. The only complaint I have to make is a compliment—there isn't enough of it. He whets the reader's appetite for a more detailed comparative study of the various movements and their bearing upon each other as seen in historical perspective.

WALTER DURANTY

Author and foreign news correspondent

- ★ I READ "Handbook of Revolutions" at a sitting with astonishment that any man could put so much in so small a book. Also, that any man could interpret history so rapidly and racily. At some very colloquial comment on ancient affairs, I laughed aloud. A really remarkable achievement!

CHANNING POLLOCK

American dramatist

- ★ "HANDBOOK of Revolutions" supplies me with data concerning the French Commune which I have been looking for of late in vain. It was most opportune.

PHILIP MARSHALL BROWN

Professor of International Law, Princeton University

- ★ I HAVE read "Handbook of Revolutions" with great interest. It is a remarkable feat to have covered so much ground in so short a space. Having tried it myself in what is really a narrower field I know its difficulties. The author's proportions are noteworthy and with most of his interpretations I agree.

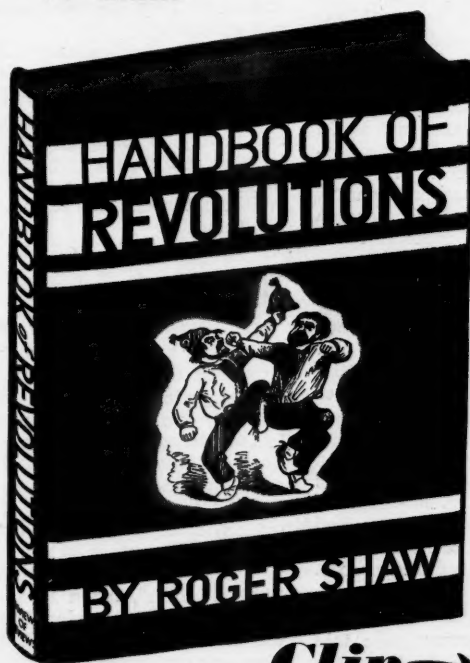
CAPT. B. H. LIDDELL HART

World's leading military critic, author and technician

- ★ IT SEEMS exceedingly timely and I congratulate the author. I have read it with interest.

FRANK H. SIMONDS

Author and Expert on Foreign Affairs



**Clip →
and mail today**

ROGER SHAW has written what, in good humor, he calls a "Handbook of Revolutions". Marching in a well-ordered parade, there they proceed along the highway of history—the revolutions—Amazonian, agrarian, racial, colonial, economic—that have upset society for 2000 years. Even the New Deal is allowed the benefit of the doubt and, subject to reservations, is included with the more explicit revolutions in France. And Mr. Shaw refuses to be downhearted. "Things," he assures us, "are on the move. Spenglers and Bases and Nickersons notwithstanding, it is safe to predict that the year 2000 will be a vast improvement over the not-so-bad year 1900."

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An account of the way post-war crises have evolved new forms of government, by the "witty and astute Lindsay Rogers" (*N. Y. Herald Tribune*). Nationally, crises have been met by various forms of crisis government. Internationally, there is a crisis with no governmental institutions adequate to deal with it. \$1.75.

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"Armaments Incorporated"

Iron, Blood, and Profits, by **George Seldes**. Harpers, 397 pp. \$2.50.

THERE HAS BEEN much talk lately of the sinister machinations of international munitions makers and their profiteering in the ghastly business of human destruction. It has been alleged that the arms ring has fomented wars deliberately in order to sell their products, and that even during the World War there was a great deal of mutual trading with the enemy in military contraband. Lobbying in all countries, munitions makers are said to have discouraged disarmament and sowed the seeds of dissension with a view to business. While these gun kings and their affiliates pose in each country as ultra-nationalists, in actual fact it appears that they constitute an international combine more effective than the League of Nations, the Third International, or the Christian churches. France and Germany may be at war, but the French and German armament trusts remain the best of friends through it all—as in 1914-18.

George Seldes brings all this to light with the fullest detail. His collection of statistical information is extraordinary, and his thoroughness is apparently incontrovertible. Former European correspondent, he knows his Continent and what underlies the political surface. His exposé of French refusal to attack the Briey iron basin and English refusal to tighten the German blockade, both policies prolonging the World War by years, is convincing and amply documented. His account of the munitions interest in Hitler and Mussolini, and in Fascism generally, is of great importance. The influence of naval races, press propaganda, parliamentary politics, and dictators in furthering the armament game is carefully weighed; and the United States, while probably more virtuous than Europe, is subjected to close scrutiny by the author-sleuth. Munitions monarchs, such as Zaharoff, Krupp, Schneider, and Mitsui, are briefly biographed; and the half-dozen leading armament firms of today are critically scrutinized. There is a fifty-page documentary appendix, some of the passages of which serve as a merciless indictment of what Mr. Seldes and others believe to be an international scourge. Here is history, politics, and business combined in a book that stands out as a source for permanent reference. Highly recommended.

• • CHARLES ELIOT NORTON once told Edith Wharton after she had written "The House of Mirth" that "no great work of the imagination has ever been based on illicit passion." Similarly, other books in which she stepped outside the genteel limits and empty standards of

"good breeding" were criticized as carrying things too far. "Ethan Frome" was thought to be too painful for the sons and daughters of the business barons who thought nothing of working their employees sixteen hours a day. In Miss Wharton's book "A Backward Glance" the author looks back upon a life when the proletarian novelists had not yet been born, when good English, polite manners and the aristocratic tradition were things to be looked up to. Mrs. Wharton casts a friendly glance backward, and at the same time is sympathetic toward the novels of the new day—if they are not "of the Mississippi Valley level" of realism. (D. Appleton-Century. \$3.)

A Proud Parent

The Elder Henry James, by **Austin Warren**. Macmillan, 226 pp. \$2.50.

THE ELDER Henry James had famous friends and famous sons. Henry wrote novels. William peered into the cobwebby corners of the human mind and changed psychology from mental hocus pokus into a laboratory science. Henry James, Sr., still was not overwhelmed by the fact. He had a mind of his own. The elder James was an independent disciple of Swedenborg in America, and quite willing to put on the theological gloves at any time with any of his friends: Emerson, Thoreau, Carlyle, Hawthorne and others.

Of independent means and mind, he could educate his sons as he saw fit. Distrusting regimented training, he gave them travel, a variety of points of view, and money to fulfill their interests. He felt that as men free from financial cares, they owed a certain obligation to society, and he intended they should ably fulfill it. They did.

Flying Feet

Old Waybills, by **Alvin Harlow**. Appleton-Century. 488 pp. \$5.

JOHN DILLINGER has given the police enough to worry about, but men like him are few and far between in 1934. In the stirring days of the express riders, however, the old West had dozens of such characters. The Jameses and the Daltons thought no more of robbing a stagecoach or blowing out a man's brains than taking another drink. In his history of the American express companies "Old Waybills", Alvin Harlow describes some of these legendary characters in the days when flying bullets were convincing arguments as to their reality.

Beginning in the eighteen thirties, when a few ambitious men in the East carried letters in their hats and small packages in their carpetbags, the author tells of the rise, great days and decline

Worthwhile Books

Challenging, Penetrating Analysis of World Unrest

THIS BEWILDERED WORLD

By Frazier Hunt

JOHN DEWEY says: "I was fascinated by it. If I had my way, I would make this book required reading for all Americans who are interested in our relations with the rest of the world. Those who are indifferent could be enlightened by a reading of this important work." Illus. \$2.75

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of the express companies. The tale is enriched with a host of bright incidents of frontier days, and does not omit such amusing cultural landmarks as the first shipment of oysters from New York to Buffalo in the early 'forties. The expressmen were always resourceful; Harlow tells their colorful story.

Modern Crusader

Colonel Lawrence, by Liddell Hart. Dodd Mead & Co. 305 pp. \$3.75.

PROBABLY no man in our time has roused more curiosity than T. E. Lawrence. Mr. Hart's new portrait of the man does not clear up the mystery entirely, but it is an engrossing study of an important campaign of the World War and its leader. From Oxford days Lawrence prepared himself for the Arabian adventure. A strange young man, fond of solitude, he studied the Crusades and planned a crusade of his own—the emancipation of the Arabs. To this end he studied the archaeology, geology, geography, and history of the Middle East. He traveled there dressed in native costume, frequently alone, and learned the languages and customs of the natives. Thus he was completely prepared when war flamed out. He served without rank in the army. This anonymity whether as translator of Homer, or manipulator of armies, was characteristic of him. He wanted no honor for himself and finally accepted the title of Colonel only to facilitate his return to England. He left the scene of action in the East immediately when Arab government had been set up in Damascus. His explanation: "Never outstay a climax."

New Books in Brief

• • THE MACHINE has been viewed as the relentless enemy of mankind, as its destroyer, and as its savior. But few people, squirming in today's debris, have taken the trouble to look beyond the immediate surroundings, to study the machine in its historical development, to ascertain the effects of the machine upon man and the man upon the machine. In a brilliant new book "Technics and Civilization", Lewis Mumford sees the machine as offering a new freedom. In abundance, he says, there will be release from the shackles of a capitalism which is a demonstrated "failure". Through collectivism he foresees not regimentation but new opportunities to live broadly and fully. He proposes and offers an end to economic insecurity for every citizen. An extremely stimulating book, broad in its scope, and provocative of new lines of thought. (Harcourt, Brace, 495 pp. \$4.50.)

• • IN A CLEAR-CUT and authoritative manner, Elvira Fradkin's "The Air Menace and the Answer" tells why modern warfare is useless, costly, and insane. With aviation and modern chemical warfare as they exist today, she maintains the entire population of a country could be wiped out within a few hours. No conceivable defense can prevent it. Unlike other writers on this subject, Mrs. Fradkin offers no program to mend things overnight. She shows that no

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international agreements limiting warfare have ever been kept and declares that only through a realization of the utter futility of large scale warfare can there be an end to it. She suggests that international peace can be brought about gradually through long range education and the development of international judicial authority. A timely, unbiased book on a subject usually argued by pacifists or admirals. (Macmillan, 320 pp. \$3.)

The War—and After

• • "JOURNEY TO THE END OF THE NIGHT" is by Louis-Ferdinand Céline (Little, Brown, \$2.50). It is a most extraordinary book, translated from the French, and it created a storm of controversy—pro and con—in the land of liberty, equality, fraternity. M. Céline evidently thinks that his country is over-rated along liberal, equal, and fraternal lines; and his whole thesis is a powerful plea for the proletarian and the under-dog in a bourgeois, militarist, and imperialist society. There is a story, but it is unessential. The World War, a French post-war asylum, an African colony, America, and Paris are scenes of action (or of propaganda); and it is a pleasure to realize that the severest critics of France come from the ranks of intelligent Frenchmen themselves. Here is ultra-realism, with a knockout jolt.

• • THE CONVERSATIONAL style of Lewis Browne transforms an academic analysis of Jewish race problems into a poignant story of the effect of centuries of persecution on the mind of a people, their mode of living, and their occupations. His book, "How Odd of God", takes its title from an extremely short and much-quoted poem. The book is a dignified public facing of facts, an attempt to trace and explain causes, to show the changing mask of prejudice, and to suggest improvement through de-urbanizing of Jewish life. However, no final solution can come, he points out, without a "profound de-ruralization of Gentile thought." (Macmillan. 238 pp. \$2.50.)

• • FRAZIER HUNT has shortly returned from the last of several world tours interviewing its leading citizens. He reports an underlying similarity of thought and feeling animating the peoples of all countries today. In "This Bewildered World" (Stokes, 365 pp. \$2.75) he sets down in resounding phrases the world's search for a new rhythm. The world's eyes and hopes of salvation, he finds, are on Russia and on America's New Deal. He has a trick of stripping history to its naked whys and wherefores to point the present mood of a people, a trick which paints a swift comprehensible panorama. It is a heartening book for both cynics and optimists; the honest report of a skilled observer.

• • TO THE MAN of the Southwest, who loves the feeling of expanse, with sky meeting earth in the blue distance, the appearance of such a book as Ross

Calvin's "Sky Determines" is quite a solace. It serves to fill in the void when one is asked, "Yes, but what do you see?" Yet this feeling of distance and silence and grandeur one gets on the plains of the Southwest is not so much the avowed aim of this interpretative study as is the effect of the climate on the life of that region. The spirit of the Southwest is caught in the style in which the book is written.

Dr. Calvin writes, "In New Mexico whatever is both old and peculiar appears upon examination to have a connection with the arid climate. Peculiarities range from the striking adaptations of the flora onwards to those of the fauna, and on up to those of the human animal." The aim of the study, then, is to show how the sky, the "source of the intense heat and frugal moisture", determines the climate and "climate, the flora, the fauna, and the general aspect of the country." The determining influence of the sky on the deserts, the mountains, the forests, and the mode of life of the various peoples who have inhabited the region is then traced to sustain the thesis, in the hope of stimulating research and interest in the institutions and customs of the Southwest, in their origin and development. (Macmillan, 354 pp. \$2.50.)

• • "THE STORY OF ENGLISH ARCHITECTURE" is a readable, human interest packed account of English architecture from Anglo-Saxon days to the present. It does not neglect the nineteenth century and the author, Thomas E. Tallmadge, takes up a number of examples of modernism. Some of these he discusses in detail, such as Shell-Mex House and the Shakespearean theatre at Stratford-on-Avon. A recommended book for travelers and lay readers interested in England. (Norton, 320 pp. \$4.)

The New Turkey

• • GENERAL SHERRILL has served as American ambassador to the new Turkey of General Kemal, and knows whereof he writes in "A Year's Embassy to Mustafa Kemal." His account of present-day Angora and its spectacular leader, often considered the ablest dictator in the current world, is very readable and is based on sociable first-hand experience. Here is an able biography, a breezy description of what modern Turks do and think and say, and a critical discussion of Mustafa's revolutionary political and social reforms. Sherrill's comparison between Mustafa and Martin Luther is well taken and historically sound; and, to quote the author, "nor was Mustafa Kemal even then content, for his series of eleven revolutions in his people's life and habits then followed, and all eleven were successful, so that now, with modernized writing, numbers, calendar, and laws, Turkey can and does take her fair share in the comity of nations." General Sherrill, who has written previously a dozen books on political and artistic subjects, has been a frequent contributor to the REVIEW OF REVIEWS. (Scribners, 277 pp. \$3.)

NEWS! NEWS! NEWS! NEWS! NEWS!

Stocks Drop
As Silver Plan
Proves a Dud
Senate Refuses
To Vote Ban on
Margin Trades
Buckley Amends
Defeat of Exchange Bill by
Majority of 48 to 30
Bills Proposed
Administration Today

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Japan Ready
For Trade War
Sure of Victory
Roosevelt Shelves
Darrow Prop
For a New N.
3 Powers Sign
Wheat Export
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May 10, 1934. Vol. 1. No. 27.

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Recovery Policies in the Second Year

By ALBERT SHAW

A Leader in Dire Emergency

FOR AN ENTIRE YEAR the American public gave Franklin Delano Roosevelt a more undivided support than any other President ever had. There have been brief times—"eras of good feeling", political historians have called them—when party strife and rancor were in abatement. But national harmony at such moments was not associated with leadership or the exercise of authority. Rather, the country was reposeful and somnolent. The emergencies of 1933 could be met only by quick decisions on the part of some one person acting with unchallenged power. If Mr. Hoover had been reelected, or if some aspirant other than Mr. Roosevelt had been the successful Democratic candidate, it would have been equally necessary to confer authority upon the incumbent of the White House; and public opinion would have compelled Congress to uphold the Executive, while warning the lobbyists to keep hands off, and the partisans to come under a flag of truce.

The business of the President was to maintain public credit and to help the country resume its accustomed activities. To have reduced public expenses and to have balanced the budget, while constructing a system of banking on sound lines, would perhaps have sufficed to give business a chance to work out its own recovery.

Measures To Promote Recovery

AFTER FOUR OR FIVE months of Mr. Roosevelt's leadership business actually began to revive at a rapid rate. Then came months of hesitation, reaction, and disappointment. The Executive Government had adopted the view that every industry in the United States should be regulated under rigid rules drawn up at Washington, and that every major line of agriculture should be subjected to a restrictive control that extended to the individual farmer. The path to prosperity was officially discovered and proclaimed. We were to cease producing full supplies of those things that everybody has always wanted, and that only a few people have ever possessed in sufficient quantity.

It was assumed that low prices were not compatible with social welfare. An earlier period was chosen as affording the standard of average prices, to the level of

which return must be made. This was not without some convincing reasons to justify the efforts to make commodities sell for more money. The speculative inflation preceding the collapse of 1929 had been brought about by an enormous expansion of credit. This meant farm debts, real estate mortgages in towns and cities, private debts incurred in market operations, and public indebtedness, national and local, on a scale of magnitude beyond any previous example. Unless most or all of this mass of indebtedness was to be repudiated, it was the prevailing opinion not only that business must be revived and purchasing power restored, but that what economists call the "price structure" must be brought back into line with that which existed when the bulk of these obligations had been assumed.

Events have moved so rapidly, as stupendous efforts have been made to bring the country safely out of its distress, that we are already in some danger of forgetting the extreme nature of those emergencies that confronted us all when President Roosevelt launched the various measures intended to promote recovery. The exhibition he gave of gallantry and courage, and his clear faith in the country and its destinies, will be remembered a hundred years hence, because writers of economic history will have the facts and will be able to interpret them.

We contemporaries ought, therefore, to be sober-minded, and careful not to ignore experiences as recent as those of the winter and spring of 1932-33. Emerging into the seven-month period during which the President will have the show to himself, with Congress scattered from Maine to Arizona, it becomes more than ever worth our while to watch his performance. Mr. Clapper in this number, tells us what the reporters at Washington think about "F. D. R." We particularly commend this article to the young voters. They should do justice to the nation's head.

Dealing With Indebtedness

THERE IS MORE than one way to deal with indebtedness. Debts are recorded in terms of money, on the supposition that the so-called standards of value will not change the average period for which the debts are incurred. But the debtor must obtain the

money with which to make payment by exchange of goods or services at recognized price levels. Germany, Russia and other countries expunged their domestic debts after the war by issues of printing-press money that finally had no purchasing power at all. France eliminated four-fifths of that country's private and public indebtedness by the simple process of making the franc a four-cent instead of a twenty-cent token.

One way to wipe out private debts and start afresh is to pass through a bankruptcy court. Certain governments get rid of foreign debts by simply letting them slide, caring more for the money than for their reputations. But in the United States we have higher standards than those that prevail in Europe. Americans wish to pay their debts; but also they would like to have the liabilities stand in the same ratio to assets that existed when the lands were mortgaged, or other debts were contracted, including municipal issues.

In all previous periods when the country has passed through distressing years of so-called hard times there have been movements more or less powerful in favor of irredeemable paper money. When such movements have gone far in Congress, one President after another has been able to hold them in check. The monetary history of the United States has been full of variety, and has been closely related to banking arrangements and governmental policies.

No chapter in this continuing record of our experiences in the field of monetary standards and the circulating medium will have been more remarkable than that for which President Franklin D. Roosevelt is now engaged in supplying the material. Experts and financiers in all other nations are watching our monetary experiments with increasing interest. The so-called sound money men here in the United States are less afraid of uncontrolled inflation, while the extremists of the West and South are becoming more moderate in their demands. It is surprising, to say the least, that the President seems to have gained confidence in both quarters at the same time.

It may fairly be said that our inflationists have not advocated anything that seemed to them to savor of repudiation. The President, himself, in nationalizing all the monetary gold in the country, and in adding to its nominal value

by reducing the weight of the gold dollar, has taken the boldest kind of initiative in the endeavor to lighten the burden of the country's public and private debts. If Congress should have authorized him to cut the standard dollar into three or even four nominal gold dollars, following the French example, it is quite possible that the gradual adoption of this further process of relief might do more good than harm.

This remark is not intended to provoke an argument. We do not advocate a 25-cent gold dollar. We may merely remind our readers that the 40 per cent devaluation already accomplished has now the full approval of the orthodox economists and conservative financiers, whereas it would have seemed to all of them, only two years ago, to be so dangerous and so dishonest as to be almost inconceivable. Our stopping of gold payments had been necessary, because of hoarding, yet there were those who denounced it as dishonest.



Ewing Galloway

WALL STREET, now surrendering financial leadership to Washington. The central building is that of the City Bank Farmers Loan and Trust Company.

Adopting a Moderate Money Policy

WHAT-
EVER
MAY BE
the pre-
cise lan-

guage of the compromise silver bill as accepted in the present session of Congress, there is no doubt our Government will accumulate greatly increased stocks of silver bullion, and issue paper money in exchange for its silver purchases at prices above the level of the foreign market. President Roosevelt realizes the need of further international effort at coöperation before our silver policy goes too far.

The publication of the names of silver speculators, furnished to Congress by the Secretary of the Treasury, helped to put restraint upon the proposal to pass silver purchase measures in defiance of the President's advice. Republicans, as well as Democrats, had sought to remonetize silver during the period just preceding the Bryan campaign of 1896. But the more cautious leaders of both parties held the view that silver must be readopted as a standard by international agreement, since the action of one country would not offer such a market as to stabilize the ratio between gold and silver. Opening our mints to the free coinage of silver at the ratio of 16 to 1 would have put gold out of circulation. It would have given us a silver standard like that of Mexico—at least this was the

SILVER-tongued oratory of the Bryan era failed to accomplish for silver in a generation what the leadership of a handful of western Senators has achieved in the present session. Key Pittman of Nevada (left) is here emphasizing a point to William E. Borah, also a leading silver advocate.



opinion of the conservatives. But the silver enthusiasts, who wanted cheaper money (organized and led by the silver-mining interests of the West), grew impatient when we had failed in our efforts to secure European support for bimetallism.

The situation is more or less repeating itself. At present we are off the gold standard, but have plenty of gold in reserve when the time comes for resumption of specie payments. Similarly, we are off the silver standard, but are accumulating a stock of silver bullion. Senator Borah and other Western leaders are now in the position that Bryan championed in 1896. They would defy the bullion markets of the world, and would force the price of silver upwards and the price of the gold dollar downwards, until they had reestablished something like the old-time ratio between the two metals of 16 to 1.

They are unsound in their premises and false in their conclusions. We cannot establish any such ratio in disregard of the monetary policies of other countries. This is because our leverage, as one nation of a hundred and thirty million people, is not strong enough to overcome non-coöperating policies on the part of two thousand million people in other countries, all of whom are concerned for themselves with the problems of metallic money and of stabilized means of exchange. But the Roosevelt policy of silver "nationalization" and purchase is fundamentally unlike the "free coinage" proposals of old-time silverites.

When Congress adjourns, and the Administration once more has a free hand, we may congratulate ourselves upon the moderation with which we have expanded credit facilities, and made our dollars more abundant and less expensive without flooding the country with irredeemable issues of paper money.

Our pace had been too fast and furious in all kinds of business activity as a result of war conditions. We

had acquired enormous foreign markets and then lost them because people elsewhere were supplying their own needs. Our chief remedy lay in hard work, strict economy, self-help on the private side, and similarly strict economy on the public side, with government strengthening our banking and credit facilities.

But the emergencies were so great, prices had fallen so low, and fixed indebtedness was in such heavy volume, that some currency inflation, with the gold dollar somewhat reduced in content, seemed to be justified as a palliative. We are glad to remark once more that no considerable sentiment in Congress or outside of it has favored any measure that would be deemed one of sweeping repudiation. The endeavor has been to arrive at some fair means of bridging over the chasm between past and present economic situations.

Compromising on Silver

DURING THE MONTHS to come we shall endeavor in this magazine to help our readers take account of stock, so to speak, as they try to understand the course of public affairs at Washington. The adjournment of the present session of Congress will supply the advantageous date for such a survey. It had been hoped that the session might end early in May. Later it was thought that the lawmakers might adjourn by the 20th. But as we go to press, the leaders in Congress have settled upon a date not earlier than June 1, nor later than June 20. If adjournment could occur even a little earlier rather than a little later, it would be fortunate. Those plain citizens of the United States who have their own livings to make could no longer be fooled into believing that any relief or help was coming to them by virtue of prolonged efforts on Capitol Hill.

During recent weeks, President Roosevelt's almost unprecedented skill as a politician has been evident as

he has endeavored to avoid sharp disagreements with Congress. The various silver proposals were taking final shape under Administration leadership in a bill which would allow the amount of silver bought and held by the Government to equal in value one-third of the gold thus held. It is not to be inferred that this silver purchase policy—accompanied by nationalization of that part of the American silver product that is not in use for ordinary industrial and domestic purposes—would have been proposed as an Administration plan. It is a concession to placate silver fanatics.

A year ago Congress followed where the President led. Circumstances are different today, and the President knows that Congress must be consulted and reckoned with. The plan agreed upon as regards silver is therefore a compromise, but one that the President and the Treasury officials could accept without fear of any seriously harmful consequences. We might on our part have preferred to see some further devaluation of gold; but that is likely enough to come in due time. It would take long years to accumulate silver enough to equal one-fourth of the Government's gold at present prices and ratios.

One of the principal reasons for wishing to have Congress decide quickly about this session's pending measures, and make its final adjournment, lies in the fact that it is diverting too much attention from the bewildering multiplicity of executive activities. With flags down at both ends of the Capitol building, we could fix our attention with less disturbance upon the twists and turns of NRA, the prodigious experiments of AAA, the elaborated programs of PWA, and the results of relief and employment operations of CWA.

Congress Prepares for Election Day

THIS SEVENTY-THIRD CONGRESS is aware that it will never assemble again, although its official term does not end until noon of the third day of next January. Under

arrangements existing prior to the adoption of the Twentieth Amendment (which was proclaimed as duly ratified and in effect on February 6, 1933), the extra sessions of Congress always came early in the term, if in the judgment of the President such extra sessions were required. But with the change in dates, extra sessions will of necessity occur late in the year, and presumably in the second rather than the first year of the lifetime of a given Congress. Extra sessions, however are not henceforth to be regarded as probable.

This might seem a little complicated to the reader, but it is in fact quite simple. Regular sessions must now begin on January 3 of every year. Each of the two sessions could continue for an entire year if Congress declined to adjourn. Under ordinary circumstances the sessions ought to end in May or June. The Twentieth Amendment shortens the term of the present Congress, which began with that of President Roosevelt on March 4 of last year. The Seventy-fourth Congress will be chosen on November 6 of the present year, and will be in session at noon of January 3, some two months after election.

The present Congressmen, most of whom are candidates for reelection, are naturally anxious to go back to their homes and constituencies. A good many of them are facing contests in their own party primaries. These, of course, are for the most part Democrats. The members of the Seventy-third Congress therefore are

stirred by mixed emotions. They wish to get home to face their rivals and to canvass the voters of their districts. In spite of Will Rogers' reference to "Toryites and Republicans" as members of former parties that no longer survive, it would seem that there are, in plain fact, certain districts in which Republicans intend to put up some sort of a fight. The Democrats who come through the ordeal of their own party primaries will in at least a few instances find that nomination is not equivalent to election.

But these Democratic Congressmen—some if not all—are anxious to carry with them reports of satisfactory achievement at Washington. Many of the western men are silverites, and they are having their remarks printed in the *Congressional Record* in order to show the "folks back home" that they have been active in the game. By far the greater number of Congressmen are eager to tell their constituents what large sums of money they have been able to transfer to their respective districts out of the millions or billions that Congress has granted to the various emergency administrations. They wish to show that they have secured all sorts of desirable public improvements.

Each Congressman has been making out the list with increasing zeal and enthusiasm; but a great many of them were not quite ready to go home in May because they were still trying to prevail upon Secretary Ickes and his advisers to put more plums in their bags. There may indeed be a few members of Congress whose secretaries and political lieutenants have not been helping them to make up this record of benefits for their home districts. But such members would come probably from places like New York and Chicago, where other arguments are relatively important.

Regulating the Exchanges

IT WAS FULLY AGREED a good many weeks ago between the White House and the leaders in Congress that a bill should be passed providing for the regula-

tion of the exchanges which deal in stocks and bonds, and in highly commercialized commodities such as wheat and cotton. In view of facts disclosed in recent investigations, there remained no influential body of opinion holding the view that these great exchanges were strictly local affairs to be regulated, if at all, by the states within which their activities centered.

The New York stock market is not an affair of one city or state. Its activities are national and international. It deals every day with securities of all important countries, besides those of our own federal and state governments and various municipalities. Its transactions include the stocks and bonds of interstate railroads, of industrial enterprises engaged in interstate commerce, and of corporate undertakings in all parts of the world.

For a long time the New York stock market looked upon investigation of its methods and affairs at Washington as wholly impertinent, because it considered itself an institution subject only to the oversight of New York state. It was, indeed, the prevailing opinion in Wall Street that stock markets or exchanges should be regulated in accordance with their own rules, and not subjected to any kind of supervision or control even at Albany, much less at Washington.

About many things we are all compelled from time to time to accept and adopt a change of views. A large

part of the disastrous business reaction that has overtaken the United States, beginning with the collapse of 1929, has resulted from a frenzy for speculation that had drawn many billions of dollars into the activities of Wall Street, and had created utterly false levels of valuation. If there were half a dozen people in the United States during that period who realized fully and clearly what was happening, we should be glad to have their names and print them next month. We do not refer to the belated prophets who warned us in 1929. Of those we could name one or more without much effort.

Investigations, furthermore, have now revealed the names of a considerable number of so-called "insiders" who were careful not to sound alarms because they were diligently promoting the speculation in stocks, even after legitimate business had begun to decline. They were keeping the public in the dark that they might unload their own freshly manufactured securities in vast volume upon millions of ignorant and confiding investors. This was no local affair. It is an unpleasant topic, but it was bound to receive national attention.

Washington Versus Wall Street

SOMETIMES WE CRITICIZE Congress with severity. So far as we are concerned in this periodical, the criticisms are directed chiefly toward those conditions that interfere with Congressional efficiency and independence.

The short term of Congressmen plays into the hands of the organized lobbies. How the labor lobby tyrannizes over individual Congressmen is even yet not well enough understood. How the veterans' lobby makes errand boys of Congressmen in its raids upon the Treasury, has become more obvious to the country. Congressmen are intelligent, and personally honest. They will serve the public interests as valuably as the voters will permit. The fault lies in the political neglect, or in the private greed and selfishness, of the voters themselves. Good citizens make good Congressmen, and vice versa.

Most business men occupying positions of influence and prominence have good intentions toward their communities and their individual patrons and customers. Bankers do not conspire against depositors. Stockbrokers do not deliberately set out to swindle investors. Most of the well-known stockbrokers are good citizens and men of repute. But they are engaged in a kind of business that has hazards both for themselves and for their customers under certain conditions. We have built up the United States with amazing rapidity during the last half-century, as regards the volume of agricultural and industrial production, and the creation of individual and national wealth. Energy, enthusiasm, optimism—these qualities have brought great results, but they lead to disaster when our so-called prosperity takes the form of uncontrolled speculation.

If the leaders of the stock market had shown quicker perceptions and more far-reaching vision, they would have made haste to assist rather than to obstruct when the country—appalled with its losses in the collapse of speculative markets—was seeking some safer and better ways for the future. Congress was not trying to destroy the markets, or to punish the gentlemen who hold seats on the exchanges. It was trying, on the contrary, to meet the demands of the public, and to serve the nation by bringing the speculative markets under some system of public control.

We are far from expressing the view that Congress was finding the best remedies for acknowledged evils. We could wish that there had been less distrust at Washington of the more experienced and trustworthy leaders of banking and finance. There was enacted last year a measure having to do with the issue of new securities that was well intended in its objects, but unwise in certain of its prescriptions. The punishments did not suit the offenses. Sooner or later, under the guidance of experience such measures must always be modified. This was actually taking place, as regards the Securities Act, in the last weeks of this session.

It would seem likely that Congress is making some mistakes of a serious kind in attempting to regulate the business of stockbrokers and grain dealers. It is undertaking the impossible task of keeping individuals from using credit for speculative investments. During long weeks of discussion, certain changes were made in regulations at first proposed in the two Houses. Instead of arbitrary and fixed rules, it was at length agreed to leave some range of discretion to a commission or regulatory authority. Action last month was by overwhelming majorities in both Houses of Congress. The Exchanges will find the law irksome in many particulars, but they will soon adapt themselves to most of its provisions. Experience alone will show its principal merits, and expose its most glaring defects.

The Future of American Banking

MORE IMPORTANT BY FAR than this bold effort to bring the stock market under national control is the future of our American banking system, as it is involved

in many serious uncertainties. We have called attention in these pages month after month to the chaotic arrangements (due to national and state laws) that ought not to be dignified by the name of a banking system. We have never questioned the fact that this country has its full share of well-trained, trustworthy and competent bankers. But we have held that the business of the country had quite outgrown the usefulness of banks chartered under the varying laws of forty-eight separate states, in addition to the National Banks and the Federal Reserve Banks. We do not for a moment believe that the national government should, as a permanent policy, be engaged in the business of receiving ordinary deposits and lending money to ordinary borrowers.

The existing situation as regards our American bankers is well set forth by Mr. Joseph Stagg Lawrence in an article contributed to our present number. We do not question the value of the Reconstruction Finance Corporation, as an emergency measure. Neither are we criticizing other forms of emergency effort on the part of the national government which to a greater or less degree partake of the nature of banking operations. But we have repeatedly observed that a good banking system, supervised by government but carried on by bankers rather than by political officials and employees, must be the goal toward which we are aiming. And there can be little doubt as to the acceptance of such views by the President of the Administration leaders. The bankers themselves should not hesitate to play the leading part in helping to unify and strengthen American banking by pointing the way to a sound system. Mr. Lawrence's article will clarify this subject for many of our readers.



An outdoor press conference at the Summer White House, the Roosevelt ancestral Krum Elbow estate, at Hyde Park, New York

Why Reporters Like Roosevelt

By RAYMOND CLAPPER

NEWSPAPER REPORTERS at Washington are hard and exacting critics, particularly of Presidents. It is not that they are born cynics. Your cub reporter begins his career fairly bursting with ideals. There is a touch of Don Quixote in him. Otherwise he would go to work at something which might, if he were lucky, make him rich. It is only after years of disillusionment that these trusting souls become hardened. In response to the laws of evolution they gradually acquire that fishy eye which gives the newspaper man the reputation of being a suspicious, doubting fellow, who thinks not very highly of his fellow man.

They get that way even around the White House. Have they not time and again heard a President profess ignorance about a matter when they knew he had discussed it at length with several advisers? They have heard a President say he did not know what man he would appoint to a cabinet post, and have gone out of the executive office to learn that the nomination already was speeding toward the Senate. They are inclined to judge a President, not in the more majestic moments when the scarlet-coated Marine Band is playing "Hail to the Chief", but in his more human rôle,

when he is in his working clothes wrestling with the details of the greatest executive and political job on earth.

So their judgments, as they talk in the press room, are of the man and not the office. They are as frank, as coolly detached, as if the subject on the dissecting table were the chief of police.

President Wilson they seldom saw. In general they were inclined to regard him as a great man scarred somewhat with egotism and petulance. He was a rather remote, Olympian figure even to newspapermen. Harding, on the other hand, was known by most newspaper men from his Senate days. He was liked as a good fellow and a well-meaning man, though many correspondents felt that he was not equal to the demands of the office. Coolidge they at first regarded as a joke. Then they found him amusing. Finally they came to regard him as a shrewd politician with plenty of Yankee commonsense; not the great wise man that his legend made him, but smart enough to ride his tide and scramble to shore at the right time.

Hoover was regarded as a poor politician. Many newspaper men had predicted he would make an able



MEETING a barrage of questions from 200 newspapermen is in itself a major task. President Roosevelt's frankness has won for him a personal popularity rarely enjoyed by high government officials.

President because of his career as an Administrator. But most of them came to have doubts about almost everything he did. A man could scarcely be wrong as consistently as most Washington newspaper men thought Hoover was. He was a victim of the times, in part, but personal relations between him and the newspaper corps became so strained that he went out of office generally unpopular with them.

So it seemed as though no President would be able to please the critical Fourth Estate, and certainly a good many did not expect that Mr. Roosevelt would be able to. An accurate reflection of the state of mind among the Washington correspondents who were awaiting the arrival of the new President is recorded in a dispatch to *Editor and Publisher* from its Washington representative, carried in the issue of March 4, 1933, the very day Mr. Roosevelt took office. This dispatch, after reporting the Roosevelt plans for franker press relations, added: "In fairness to both Mr. Roosevelt and the press, however, it must be recorded that the new deal in press relations is hoped for rather than actually expected by the correspondents."

Mr. Roosevelt came on to Washington. The correspondents saw him and were conquered. He won them and he has still a larger proportion of them personally sympathetic than any of his recent predecessors. The percentage of dissenters grows slowly with time. But it is still small, relatively. He has the reporters more with him than their publishers are. It is the reverse of the line-up under Coolidge, when the publishers were generally supporting him and their correspondents at Washington had their tongues in their cheeks. News-

paper men in Washington are increasingly dubious about many of the policies of the Roosevelt Administration but this has reacted almost none at all on his own popularity with them. It is impossible to give accurate statistics, but the situation may be roughly suggested by saying that if the reporters are 60 per cent for the New Deal they are close to 90 per cent for Mr. Roosevelt personally.

ALMOST everyone regards him as an exceptionally skilful politician, with a sure instinct for the right note and, equally important, for accurate timing. When a group of Democrats in Congress, with more zeal than judgment, decided to parade to the railroad station with a brass band and welcome him back from his Florida vacation—an unprecedented thing, made somewhat ridiculous by the fact that the groveling legislators had overridden his veterans' veto and otherwise broken out of bounds when he went away—Mr. Roosevelt extricated himself by a little speech in which he good-humoredly showered the delegation with rhetorical raspberries.

Newspaper men are constantly amazed at his knowledge of administrative detail, as revealed in his off-hand answers to their questions at press conferences. Above all they like his good-humored and smiling spirit, the mark of a man at peace with himself and at ease in his job. Occasionally there is a feeling that he is a

little too blithe and casual—as when he annulled the air-mail contracts suddenly without a more thorough check with the Army before turning the task over to the Air Corps. The Chief of Staff, General Douglas MacArthur, first heard that the Army would have to carry the mails when newspaper men raced across the street from the White House with the news. It had been discussed with some of his subordinates a short time before the announcement was made. That action and the much-debated spanking of Colonel Lindbergh are about the only two incidents in which Mr. Roosevelt's political judgment has been seriously questioned among Washington newspapermen—that is, as to technique, not as to the intrinsic merit of the policies involved.

IN THE JUDGMENT of this writer, there are at least five elements in this unusual popularity which President Roosevelt enjoys in the most critical circle at Washington.

First, the personal contacts between Mr. Roosevelt and the press are pleasant. He is on extremely intimate terms with the newspaper men who are regularly assigned full time to the White House. They are family guests at Sunday night suppers. On vacations and when he is travelling they are practically members of the family. He calls them all by their first names, knows their little jokes, and when one of them appears in the morning with a hangover he is apt to ask for details. They play water polo with him. He has few secrets from them and often will discuss with them the most confidential policies in detail long before any publication is permitted.

Then for the vast group of correspondents who are not regularly assigned at the White House but who attend the semi-weekly press conferences, he also is pleasant. He is patient in answering their questions, never loses his temper, ducks delicate inquiries not by scowling in disapproval but with a wisecrack. Some of the best bon mots which circulate in Washington originate from the highest authority.

The second element in his popularity is that he never sends the reporters away empty-handed. They are always sure of plenty of news from Mr. Roosevelt's press conference. Usually a new President draws a large attendance. Then as one conference after another produces no news, the reporters come to consider the regular White House interview a waste of time and attendance dwindles to a handful. But in this Administration the number seems to grow rather than diminish. So reporters, thinking back upon past Presidents who were grumpy and had no news, are ready to cheer for one who can give them several laughs and a couple of top head dispatches in a twenty-minute visit.

At his first press conference Mr. Roosevelt announced abolition of the written question and said he would rather have the reporters shoot at him orally. Many doubted whether he could keep this up. The written question was adopted after Warren Harding almost upset the Washington Arms Conference by the wrong answer to a newspaper man's question about the Pacific four-power pact. He had to issue a written statement acknowledging his error. It was so humiliating that Mr. Harding decided that all questions thereafter should be submitted in writing, so that he might have time to ponder each query and confer with advisers if necessary

to be sure of the correct answer. The same system was continued under Mr. Coolidge and Mr. Hoover. But toward the end of the Hoover administration fewer and fewer of these written questions were answered. Reporters practically quit offering them, and during the last six months of that administration the press conferences were held only at rare intervals.

Mr. Roosevelt threw the press conference wide open. No questions are barred. In the average session twenty or thirty questions will be asked—about Japan, war debts, the housing program, silver, tariff, liquor, whether a cabinet officer is about to resign, literally any subject that pops up in a reporter's fertile mind. Sometimes the President will merely smile and say: "I will consider that question was not asked." More often he will duck by saying: "Let's wait until the next conference on that; maybe I'll be able to talk to you then." Or he will reply: "I don't know a thing about that, Fred; I wonder if you have it confused with something else which I will describe in this way." Answering another question, he will say: "I can give you a good tip on that if you don't say that I said it." Or he will explain a complicated question in great detail as a guide to the reporters. Again he will discuss a situation on the understanding that nothing will be printed at all—his purpose being to give the reporter a glimpse into the presidential mind so that he will not jump to erroneous conclusions.

But most of the time what President Roosevelt says can be outlined as coming from him, though actual quotations marks are not to be used unless specifically authorized—the purpose here being to assume full responsibility for what is said but not for the exact language uttered offhand.

The system is accepted as fair to the President, to the press, and to the public; and no serious violations of confidence or other complications have resulted. Over more than a year it has been demonstrated that the President can talk to 200 men twice a week as frankly as he chooses, with complete assurance that what he says will be reported accurately and his confidences protected.

THIS OPEN-DOOR policy has been instituted throughout the government departments generally. Cabinet officers and emergency executives like General Johnson and Harry Hopkins talk freely and endeavor to keep news writers fully and accurately informed. Performance is not 100 per cent. General Johnson has of late been seeing the press only at long intervals. But on the whole the White House example is followed throughout the Government, and it is recognized that this is due largely to the President's desire that it should be that way.

In addition there is the elaborate set-up of government publicity representatives or press contact men. Beginning with Stephen T. Early at the White House, and running through practically every department and agency of the Government, these press contact men function to aid reporters. All of them are former newspaper men and most have records as excellent reporters. While they are sometimes inclined to put the best foot forward, they are energetic in assisting newspaper men. They will dig out information and arrange for a reporter to see the top man or any other official. They serve as ready-reference contacts for routine inquiries and in that way are time-savers. Though not above a

little propagandizing now and then, for the most part they cultivate good will by rendering service. They have had enough experience in the newspaper business to know that a little propaganda goes a long way, and that it is apt to curdle good will among reporters and in the long run do more damage than good.

All this leaves most newspaper men with a feeling that the Administration from President Roosevelt down has little to conceal and is willing to do business with the doors open. This makes the newspaper man's work infinitely easier and more effective; and since he remembers how hard the going was under some previous administrations, he likes the new deal much better.

THIRD IN THE writer's list of reasons for the personal popularity of the President among newspaper men is their admiration for his political craftsmanship. This the same sort of respect that accrues to a star in any activity. It is like the admiration for Babe Ruth, for Man-of-War, for a skilful surgeon, a great artist, in short, for a man who knows how to do his stuff. After having seen the ball fumbled so often at the White House, reporters found themselves wide-eyed with astonishment at a man who could close every bank in the country and call it a "holiday", who pocketed the dangerous greenback drive during his first three months in office by inducing Congress to give him discretionary power to issue paper money which in his discretion he refused to issue, who was always ready with a new rabbit to pull out of the hat when the audience began to grow restless.

Similarly they note his skill in beating the critics of CWA to the draw by disclosing its failure first and his art of restraint in not overdoing his powerful radio appeals. All of this expertness has added to his reputation among newspaper men as a political craftsman.

Fourth, and much more fundamental, is a belief in his sincerity, his courage, his willingness to experiment. Often skill in politics connotes lack of sincerity. In Roosevelt it is regarded by his indulgent critics as technique, a method of reaching an end. To those who have heard him time after time discuss his objectives, there is little doubt that he is seeking to move—as his campaign speeches indicated—toward a civilization in which the fruits of industry will be more equitably distributed among the people. Much of what he said during his campaign for the Presidency sounded like the usual pre-election hokum, but his actions since inauguration have convinced most newspaper men that he is shooting for the goals to which he pointed.

Though many newspaper men do not agree with those objectives, almost all of them respect the courage which he displays in striving for them. This is especially so because politicians are notoriously timid. A man who is able, without batting an eye, to launch NRA, AAA, a \$3,300,000,000 public-works program, the Civilian Conservation Corps program, slam the banks shut, go off the gold standard, revalue the dollar, take on every sort of discretionary power instead of trying to shoulder off on Congress a share of the responsibility, was bound to register with a corps of newspaper men who were weary of trimmers, pussyfooters, and people who had not given them a new idea to write about since the World War. Al Smith was the newspaper man's

hero in his day because of his courage and his sincerity. Those traits, so rare in politics, are certain to go a long way whenever newspaper men size up a public figure. This does not mean that a man has to be a fanatic or a blind zealot. Newspaper men know enough of practical politics to realize that the man who wants to get his ideas into operation must use political machinery for his purposes. Wilson lost because he neglected this. A large number of instances could be mentioned in which holders of lesser office came to grief in the same way.

Fifth, and last among our reasons, Mr. Roosevelt rode into office on a plea for the "forgotten man," and newspaper reporters are inclined to consider themselves among under-dog men. This ingredient in Mr. Roosevelt's popularity clicks with many Washington reporters just as it does with other toilers. Newspaper men are inclined to have an idealistic streak. In their work they see much sham and injustice. They see many getting away with much at the expense of others. So they are exceptionally susceptible to the appeal of the man who champions the under dog—provided he is sincere. For this reason the man most respected in Congress probably is Senator George Norris. The same was true of the late Senator LaFollette.

During the formulation of the newspaper code, many reporters were among themselves derisive of the fight which their employers made over the freedom of the press. They regarded it as a red herring thrown across the trail by publishers who wished to escape higher wages and shorter hours for their editorial forces under NRA. Scarcely any working newspaper man in Washington seriously thought that the Administration was bent on limiting the freedom of the press. They regarded the whole issue as a cloud of dust raised to screen the fight against child-labor restrictions and other NRA regulations. Many reporters thought that General Johnson made a tactical error and played into the hands of the publishers by resisting a freedom-of-the-press declaration, and thereby gave an appearance of color to the very contention of the publishers. They liked better President Roosevelt's method of accepting the freedom-of-the-press section with the remark that it was just like copying a clause of the Constitution into the code, but that if it made anybody feel better to repeat what the Constitution guaranteed no harm could come from doing it.

AS EMPLOYEES the Washington newspaper men have an emotional interest in the New Deal, for they have rent to pay, babies to feed, groceries to buy, and they see all around them men of inferior ability making a more comfortable living. They are not so much interested in shorter hours because most newspaper men work with little regard for the clock. They would like greater reward for the thought, the energy, the loyalty, and the complete absorption which they give to their work.

Furthermore, most of them are college educated. They have studied and read enough, and heard enough in Senate investigations, to convince them that there are many grave abuses that need to be cleaned out. They believe Mr. Roosevelt is set on cleaning them out. So this portion of the newspaper corps is for him because of subjective reasons.

That, in general, is about the way the boys in the press room feel about it, and why.



Ewing Galloway

TWELVE THOUSAND banks since 1920 have failed in their job of caring for depositors' money, with a loss of one and a half billion dollars. Business has been picking up recently for those that remain. Check transactions outside of New York City (in Gotham the casual ups and downs of stock-market activity exert too great an influence on statistics) approximated 3900 million dollars weekly during the first half of May. This compares with 3000 million in the corresponding period of 1933.

BURYING the Banker

By
JOSEPH
STAGG
LAWRENCE

IT IS POSSIBLE that the nature of the ailment which afflicts American banking has been wrongly diagnosed by sincere but technically and judicially incompetent practitioners. It is also possible that the remedy now being applied is an opiate devoid of curative virtues; indeed it may even be reducing the resistance of the patient. If we define intelligence as the capacity for avoiding self-deception, then it would seem that the American public should reexamine the indictment which events—eloquently interpreted by public defenders—have formulated against the banker.

The banker himself may be left out of this. In plotting the course of social progress, compassion for a class is merely a sign of weakness. To say that the banker is human, that he works hard, is patriotic, selfish to a degree, raises a family, enjoys a baseball game and reads light fiction; in other words, to say that he is pretty much like all the rest of us, is irrelevant. To suggest that it is impossible in a crowd to distinguish between the banker, the merchant, the salesman, yea, even the government official, is more than irrelevant. It may weaken the citizen's strong resolution to proscribe the banker as a class which has outlived its usefulness. Like the aged human derelicts of a barbarian society, he must be removed mercifully but certainly.

In this discussion, then, forget the banker. Be prepared to treat him, if necessary, as the Eighteenth Amendment treated the brewer and the distiller, a victim on the altar of social progress.

What Price Social Banking?

There is one vital question which the citizen should ask: "Will I be served better in the future by a system of government banks than by a system of privately operated banks?"

THE PERIOD after the war may well be termed the dismal decade of American Banking. Our banking system proved full of seams, faults and rotten areas. Poor bankers were permitted to operate under official indulgence. The public developed an antipathy toward the bankers as a class. Congress and sensation seeking reformers have exploited this antipathy. The bankers are not proud of the post-war years. They are as eager for reform—real reform—as the politicians and the publicists who offer faggot heaps for the banker.

There are three courses open.

The first calls for a scientific, detached analysis revealing the true causes for the failure of thousands of American banks. Remedies should then be devised to eliminate these causes.

The second is to apply the "remedies" which Congress offers in the Banking Act of 1933 and in its security legislation. These "remedies" are in part punitive and in part opiate. They do not correct the faults of American banking. Left as they are they will lead to an ultimate and more devastating collapse of banking than that through which we have just passed.

Finally Uncle Sam may become the nation's banker. One group of liberal thinkers believes that this process is now under way and that it is all for the best. Already do they blow taps for the banker.

Believing that the public is entitled to unbiased, competent information on this subject the Review of Reviews will from time to time publish studies on various phases of our banking problem. This first article discusses the record of the banker, his immediate eligibility for the burying ground, and the qualifications of his touted successor—Uncle Sam.

In answering this question the citizen should bear in mind that the Government itself, by permitting the organization of too many banks, and by lax supervision of those already existing, has made it impossible for banking in this country to render even a fair accounting of itself. Reserving this subject for fuller treatment later, it is sufficient to indicate at this stage that the English and Canadian banking systems—which have given by all odds the best performance during the last quarter century—are private banking systems. In Sweden, where capitalism has been tamed, the banking structure was nevertheless rocked to its foundations by the depredations of Kreuger. Stavisky, whose stunts with other people's money led to a political crisis in France, selected as the scene of his final operations the Bayonne pawnshop, which was merely a state operated bank specializing in small loans. Austria, Italy, Japan—in all of which the banking system is more or less socialized—have had their banking crises since the war.

In our own country the participation of the Federal Government in the First and Second United States Banks, more than a century ago, was a factor in their downfall. When labor more recently decided to preempt the exaggerated profits of banking by organizing its own banks, every one of its creatures failed. Nor were the failures unattended by the fraud and misapplication of funds in which the banker, according to popular testimony, is supposed to have an exclusive and malign genius.

In considering the issue of privately operated versus governmental banking, the citizen should know that it is not necessary for him to return to the kind of banking which prevailed before the crash. Government banking is not the only alternative to the sorry experience of the last fifteen years. The country can profit by the example of Canada and Great Britain, and develop a privately owned and operated system which offers the service and security of good banking without the price that government banking is certain to demand. It is possible that careful examination of banking experience will reveal as its chief fault an excessive complaisance and negligence, not of the banker, but of the state itself.

It is charged that the banker has forfeited his right to be in business, partly through personal malfeasance, but largely through a failure to function. Artists in print and speech have portrayed him as a social sinner now on his death bed, to whom an aroused New Deal conscience could not offer absolution. In the still of night, a few remaining, devoted friends—whose loyalties presumably could find better objects—are preparing for the last roundup.

Failure of Banking

Consider the indictment which the New Deal has drawn. The first broad count is that banks had failed; the second, that the Government has been forced to

step in and perform essential services which banks could no longer render.

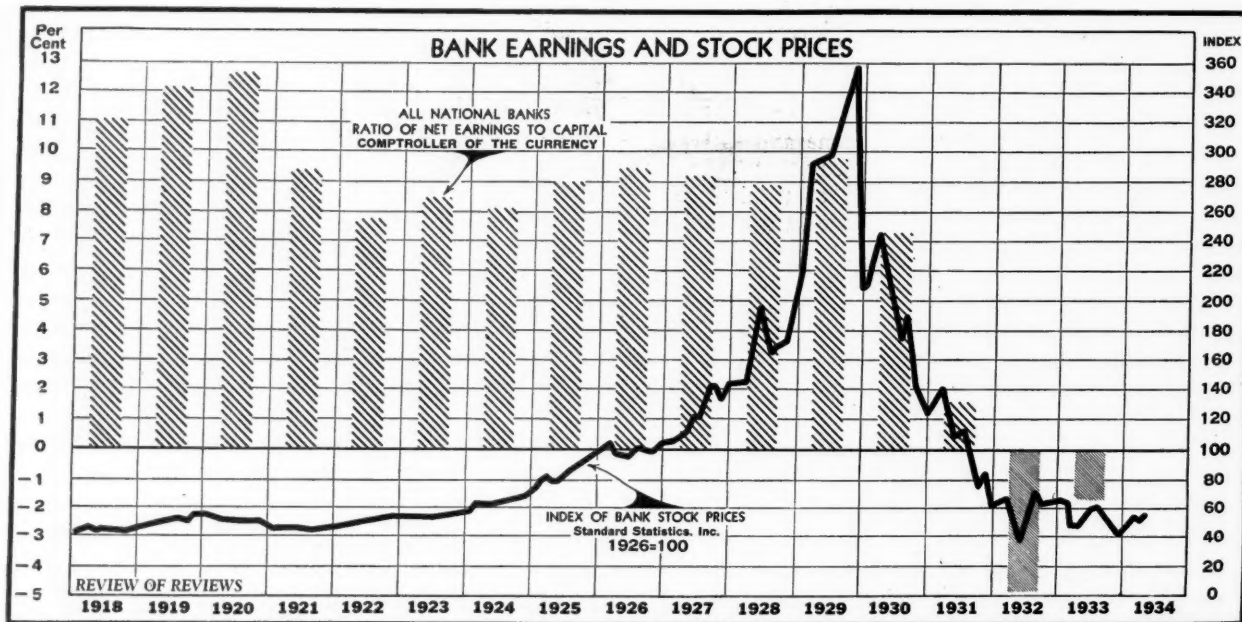
The specifications under each of these counts are sufficiently familiar to require no extended restatement. From 1920 to the great moratorium of 1933, more than 12,000 banks failed. Several thousand others were saved by shotgun marriages with banks able to carry on. When banking was resumed at the end of March, 1933, the country had but one institution where in 1921 it had two. In other words, the banking population had been cut in half.

The Great Paralysis

To continue with the specifications. That unprecedented paralysis of business during the first month of the present Administration seemed like the final mortal gasp of an archaic banking system. Note that we are presenting here merely an indictment. We cannot pause, as fairness would require, to determine the extent to which this collapse was due to the severity of the general decline in business; to what extent it was due to the speculative boom of the twenties (in which the banks participated, to be sure, but for which they were not exclusively responsible); to what extent it was the result of unwise inflation in farm land values during the war; to what extent it was due to the lack of confidence in the dollar. Perhaps the answers to these mitigating considerations may eventually be found.

The banks, it is charged, forced borrowers to pay their loans, which in turn compelled them to liquidate inventories and this contributed to the collapse of values. How far the banks were free agents in causing these liquidations, and how far they were the helpless objects of depositor fears, is again a condition affecting the charge which cannot be determined.

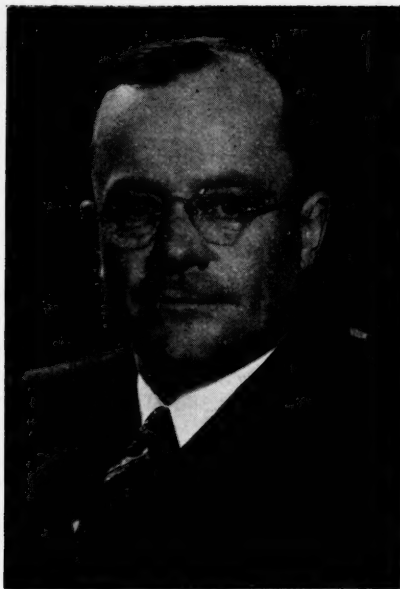
More recently the banks have been accused of failure to lend. Jesse Jones, head of the R.F.C., has been



IN THE accompanying chart, the period from 1918 to 1924 shows a fairly close correlation between earnings and prices. From 1925 to 1929, in common with other groups of stocks, the market for bank stocks very heavily discounted future earnings. Since the peak in prices reached late in 1929 there is again in evidence a closer agreement between earnings of banks and prices of bank stocks.



JOHN C. TRAPHAGEN
President, Bank of New York and
Trust Company



GEORGE M. WALLACE
President, Security-First National Bank
of Los Angeles



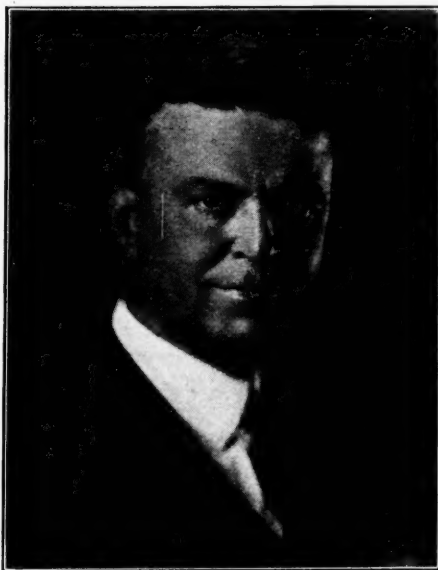
WILLIAM STEELE GRAY, JR.
President, Central Hanover Bank and Trust
Company, New York

**THESE FOUR BANKERS ARE REPRESENTATIVE OF THE TYPE OF MEN WHO
ARE PILOTING THEIR INSTITUTIONS SAFELY THROUGH DIFFICULT TIMES**

outspoken in his criticism of bankers who do not participate in the spirit of recovery. Again there are limitations to the charge.

The banks, according to Mr. Jones, are keeping their assets in liquid form instead of lending them to individuals and companies which could use them in prosecuting the designs of recovery. Indirectly he was criticizing the banks for their purchase of Government bonds, the proceeds of which were then being used for a great variety of emergency recovery projects under the direction of Uncle Sam. However, if a bank permitted its holdings of Government bonds and cash to increase, it was *prima facie* evidence of a lack of patriotism since these were funds which presumably should have been placed at the disposal of business. This was the attitude assumed in public by Mr. Jones as well as by his predecessor, Atlee Pomerene.

There is some suspicion that this position was assumed for effect rather than for any intrinsic merit which it possessed. The present chief of the R.F.C. is also chairman of the board and president of the National Bank of Commerce of Houston, Texas. While lecturing the banks on their lack of social vision, his own bank increased its total of cash and government securities from \$10,755,081 on June 30, 1933, to \$18,913,439 on March 5, 1934. On the former date the well-managed Houston National Bank of Commerce had \$41.90 out of every \$100 of deposits out as loans.



LYMAN E. WAKEFIELD
President, First National Bank & Trust
Company, Minneapolis

On March 5 this figure had dropped to \$25.90.

Under the authority of the Glass-Steagall Act of 1932, the Federal Reserve Bank of New York tried to make loans to applicants who claimed that their own banks had refused to accommodate them. Out of more than two thousand applications, less than one-half of one per cent proved a sound case for a loan. The fact is that good loans are scarce. The reasons for this again require special treatment. Suffice it to say that these reasons when carefully analyzed reflect far greater discredit upon the Government than they do upon the banker.

Here, then, are the counts in the indictment of the private banker: the failure of more than 12,000 banks, the loss of more than 1,600 million dollars to

depositors, the paralysis of business during the bank holiday, forced liquidation of loans both before and after the March pause, and finally the failure to aid recovery through a liberal lending policy.

Uncle Sam, Banker

Following hard upon this alleged failure has been the assumption of banking functions by the Government. The Reconstruction Finance Corporation, established during the previous Administration, has already disbursed five billions. A little less than one-third of this had been extended to banks. Approximately eight per cent was loaned to railroads to meet maturing

obligations and for new construction. The greater part of these loans was for emergency and salvage operations. The Public Works Administration has made huge loans and outright grants to local governments. The Home Owners Loan Corporation is engaged in refunding two billions of home mortgages. The Farm Credit Administration is giving similar treatment to an equal amount of farm mortgages. All this is cited as evidence of the degree to which the state has already displaced the banker.

Government As a Stockholder

A second item in this demonstration relates to the purchase of preferred bank stock by the R.F.C. When banks reopened after the holiday, the authorities in a broad way insisted that they have reasonably sound assets equal to their deposit liabilities. Many banks were not able to meet this test and the Government, through the R.F.C., matched stockholders dollar for dollar to establish the necessary coverage. When the temporary deposit guarantee plan went into effect, on the 1st of January, the Federal Deposit Insurance Corporation expected the banks to have a minimum margin of safety equal to 10 per cent of their liabilities. This meant, first, assets equal to liabilities and then a surplus. Wherever possible, the Government co-operated with private capital to provide the necessary funds. The net result is that Uncle Sam now has committed himself to the extent of a billion dollars in the capital of 6,600 banks. This commitment equals 17 per cent of the aggregate capital and surplus in all the reporting banks in the country. In 45 out of every 100 banks he is a stockholder. This is item number two in the demonstration that the state is rapidly displacing the private banker.

Guarantee of Deposits

The guarantee of bank deposits imposed by the Government is cited as the final argument in the case. Without this guarantee, the critics say, the public would have no confidence in the banks, the flow of deposits to the postal savings offices would continue, and the banks would finally succumb—the victims of depositor apprehension.

It should be noted that the law (the Banking Act of 1933) does violence to the meaning of the word in applying "insurance" to a plan which is clearly a guarantee. Insurance involves the payment of a premium by the beneficiary with risk and compensation clearly defined. The premium is related to hazard and to the amount of compensation which must be paid. When an automobile driver takes out liability insurance he, as the beneficiary, pays the premium. The liability is clearly stated. The rate varies with the value of the car, the amount of liability, and, in some instances, the record of the driver. No one has suggested that the manufacturer of the car, or the Government that maintains the road on which the accident happens, should pay indemnity to the injured, no matter what the circumstances, amount involved, or driving record of the culpable driver.

That, however, is practically what the Government is doing in the Federal Deposit Insurance Corporation. The beneficiary—i.e., the depositor—pays no premium. No attempt is made to discriminate between risks (in a sparsely settled agricultural region these may be much

greater than in a thickly populated industrial section). No limit is placed upon the amount of liability. The plan is an unlimited guarantee against loss rather than an insurance of deposits.

Socialization of Banking?

The true radical not only envisions the early socialization of banking, but urges it upon the Government as an object of deliberate and conscious policy. Since this would vitally affect the interests of depositors and borrowers, it is a matter which should be thoroughly aired in the public forum before such a policy is crystallized prematurely by impatient reformers.

While the practice of banking involves technicalities which appal the average layman, the basic principles are so simple that any reader with a common school education can grasp them. These basic principles should guide his judgment. It is not necessary for him to understand the complex interrelations between the Federal Reserve Banks and the member banks, the precise relation of brokers' loans to sound banking, the meaning of open market operations, the virtue of acceptance paper, or any of that vast, esoteric nomenclature with which the language and practice of banking abound.

Two Tasks of the Bank

A bank has two tasks. It accepts the funds of a depositor and safeguards them in such a manner that they can be repaid on demand. That is the first function of the bank, to act as a convenient repository for the banking funds of the community. Banking has developed because, in the discharge of this function, it has proved its superiority over the strong-box, the hearthstone, and the mattress.

The bank's second basic job is to make loans. When the bank accepts the working cash of the grocer or the savings of the farmer, it relieves both of a responsibility. If the bank were only a community safety vault it would be forced to charge for the service of safe-keeping. Since there are able borrowers who can use the funds of the grocer and the farmer, the banker assumes the duty of passing upon the qualifications of the borrower. He is acting as the trained agent of the depositor. The interest which the borrower pays covers the cost of banking. Under certain conditions enough is left after meeting these costs to enable the banker to pass some of the income on to the depositor in the form of interest.

The Banker Acts As a Broker

Thus banking consists simply of accepting funds from one group—the depositors—and lending them to another—the borrowers. The banker acts as a broker or middleman. He posts a bond in the form of capital. If he is careless in picking borrowers, the loss is charged first to capital—his capital. If a bank incurs a loss, it is only because a borrower has failed to repay. When the accumulated losses are so great that they wipe out the banker's capital, the bank fails. Remember that it fails because the borrowers are unable to pay, that these borrowers are usually hard-working citizens, the neighbors of the men and women who made the deposits.

This enables us now to ask the next question in the

pursuit of our issue: Is Uncle Sam better able to pick borrowers than a private banker? After all, the final safeguard for the funds of the depositor is the prudent selection of individuals to use them. It is that selection which determines the difference between a good bank and a poor one. A sound bank, therefore, is one which protects its depositors through a careful selection of risks. How good a risk-selector is Uncle Sam?

The question may be answered in part in the abstract and in part by a reference to a long record showing Uncle Sam or the states in action as bankers.

Consider first the banker in the abstract. Before he can start to operate, the Government compels him to provide a minimum sum, his own or belonging to his friends. The technical term for this fund is capital. Outside of its furniture and equipment a bank does not require capital in the same sense as a shoe manufacturer. The banker's capital is really a bond or a hostage which he pledges to the people asked to intrust him with their deposits. Any negligence on his part will be charged against his own funds first. If they prove insufficient he may be asked for an additional amount equal to his first contribution (technically known as double liability). He is examined periodically by a Government official who has no other interest in him than the protection of the deposits.

Self-Interest of Banker

This banker has a vital reason for making loans that will be repaid. Only by making loans which will protect deposits beyond all danger can he hope to preserve his own funds. He must maintain these funds intact before he can earn enough to pay the cost of operating the bank and leave a margin as income on his own money. The conditions under which this powerful self-interest operates to protect the depositor are not perfect. It is toward the improvement of these conditions that banking reform should address itself. One item which advocates of government banking and the bitter satirists of the banker have ignored, is the self-destruction which must precede any banker's failure to protect his depositors. When a bank closes its doors it is final, stark tragedy to the banker.

Public Official As a Banker

Where the Government undertakes the function of banking, the actual contact with the public is not by some benevolent apotheosis of wisdom, honesty, and foresight, but rather by a human official of limited ability. Often he is appointed as a reward for party services. (This is distinctly true of the personnel of the Home Owners Loan Corporation. It was true of the Federal Land Bank system during its earlier years, a taint which has by no means been completely eradicated.) The public official is interested primarily in retaining his job. In this respect he differs not from the banker. With the public official, however, the retention of his job is dependent upon liberality to borrowers. The banker's job, on the other hand, depends upon a rigid scrutiny of all loans. Only the hard-boiled bankers survived. Only deposits in banks run by tough bankers remained safe throughout the depression.

The public official risks no funds of his own. Short of fraud or embezzlement, losses which result from

faulty selection of risks will not be charged to him as an official. Usually they do not appear until the official has been succeeded by a public servant with another party tag. In the end, the Government's banking experiment results in default, repudiation, an increase in the public debt, or inflation.

American Experience

The Government unquestionably has a constructive role which it can play in banking at all times, by preserving the integrity of the monetary standard, by subjecting banking to prudent restraints and strict examination, by supervising through the medium of a central bank the broad fluctuations of credit. In these passive or negative tasks it is capable of turning in an excellent performance. There are also grave national emergencies in which Uncle Sam can, for a limited time, offer support to a strained economic system. That is the justification of the R. F. C. and perhaps even for the temporary guarantee of bank deposits. Inherently, and as history proves, the Government is not competent to accept deposits and make loans as does a privately operated commercial bank. There is first of all the political strife generated by the efforts of opposing political parties to secure control. After that we have a solicitation of borrower favor entirely incompatible with the consistent selection of sound risks.

The Path of True Reform

No thinking person can stand up and defend the kind of banking which this country has had since the war. Strange as it may seem, most of the bankers who have survived feel exactly the same way about it. The losses sustained by innocent depositors, in spite of statistical extenuation, cannot be condoned and must not be repeated. The present course of reform indicates that these losses will recur. The sole effect of the reforms will be to deflect the losses upon other and equally innocent victims, the stockholders and depositors of soundly conducted banks. This is not reform but rather an evasion of responsibility. A well-worn political phrase describes it to perfection—"passing the buck".

The losses can be eliminated. This may involve unification of our banking system, birth control in banking, capital funds related to liabilities, branch banking within limited areas, possibly the application of tests to bankers even as we do to lawyers, doctors, and accountants. All these reforms will prove politically unpalatable and will encounter stout resistance. However, they are the sign-posts pointing to genuine reform, which the intelligent citizen should study.

The great fault of the banking reform contained in the Banking Act of 1933 and in the Federal Securities Act is that it offers elaborate antidotes for poisons in the banking system. It makes little or no effort to eliminate those poisons. There has been lacking a scientific spirit in the approach to reform. Since our banks are charged with the two-fold basic task of safeguarding deposits and making sound loans, precisely what conditions have caused these two functions to break down? The conditions are ascertainable, the facts reasonably clear. True reform should reach and eradicate these causes. Our banking system should not be tossed on the junk heap because palliatives have been substituted for cures.

This World of Ours

By NICHOLAS MURRAY BUTLER

PRESIDENT, COLUMBIA UNIVERSITY

★ THE WORLD is bankrupt, says Dr. Butler, but it hasn't sense enough to go into receivership and straighten out its affairs. Dr. Butler believes strongly nationalistic policies to be short-sighted. He suggests that a first step toward successful readjustment of international affairs would be putting the Bank for International Settlements in the same relation to matters of international currency and finance that the Bank of England occupies in Great Britain.

THE leading editorial in the May issue of the REVIEW OF REVIEWS should be read throughout the land, particularly by those eager and ambitious youth who are anxious to take their part in the public life of the nation and to contribute to our peace and prosperity. These things cannot be accomplished by a youth who is simply young. Everybody has been young once, and it is easy to over-emphasize the importance of being merely young. Youth is something other than this, and to be effective it must, in addition to its vigor and eagerness, have knowledge, discipline and the power and habit of reflection.

If the youth of today is to serve the world of tomorrow to fullest capacity, it must get behind the surface of things, go underneath the journalistic record of the happenings of each day, and trace underlying forces and causes to their origin and in their operation. When youth can do this and will do it, then its power of helpful leadership is certain.

The world's troubles are international in origin and in extent, and they can not be cured with any completeness or permanence save through international understanding and international cooperation. An isolated nation in this twentieth century is a figment of an uninformed imagination, and the so-called arguments advanced in support of a theory of isolation are simply ludicrous. The interdependence of civilized peoples is complete, whether measured in terms of ideas, of scientific knowledge, of music, of art, of literature, or in those of agriculture, of industry, of commerce or of finance. That nation which confines its endeavors to solve its economic and financial problems by what it calls domestic policies, is engaged in the uninspiring and hopeless task of trying to lift itself by its own bootstraps.

At the moment, the world is bankrupt, and it appears to lack both the intelligence and the courage to face that fact and to put itself in the hands of a policy of receivership. The world has, through its governments, national, state and local, through its banks and business enterprises, through its corporations and through individual citizens, borrowed some 300 billion dollars, by far the greater part of which is payable in gold. Just now, there exists in the world something less than 12

billion dollars worth of monetary gold, chiefly gathered at two centers. Therefore, the world as a whole is in the position of a bank in a small country town which has deposits of \$30,000 payable on demand and \$1,150 available cash in its vaults.

No such stupendous problem as this can be solved, or its solution even approached, by any nation acting alone. Is it not as

plain as a pikestaff that the use of gold as a circulating medium must everywhere come to an end, that the whole supply of monetary gold should be placed in the keeping of the Bank for International Settlements at Basel, and that it should there be used only on the books of the Bank in settlement of international balances by authority of the several governments or by that of the banks which speak for them? In other words, is it not the path of progress to put the Bank for International Settlements at Basel in the same relation to matters of international currency and finance that the Bank of England has so long occupied in Great Britain as to matters of national currency and finance? The Bank of France and the Federal Reserve System of the United States have made this relationship entirely familiar in their respective countries.

THE primitive practice of shipping bars of gold about the world from capital to capital at a cost measured in terms of transportation charges, insurance and loss of interest ought surely by this time to be abandoned. So far as currency is concerned, this is a good time for all those in responsible position to read and ponder the evidence on this subject given on December 19, 1887, and January 23, 1888, before the Royal Commission on Gold and Silver of which Lord Herschell was chairman, by the distinguished economist Prof. Alfred Marshall of the University of Cambridge.

It is a matter of pride to every American that when the United States was in the making our master-statesman, Alexander Hamilton, interpreted with clarity and convincing power the precise problems which confront the world today. His classic reports on the Public Credit made to the House of Representatives on January 14, 1790, on Manufactures which followed on December 5, 1791, on Public Credit sent to the Senate on January 16 and 21, 1795, and his epochal papers on a National Bank which begin with his letter to Robert Morris in 1780, when he was but twenty-three years of age, and culminate in his epoch-marking report to the House of Representatives on December 14, 1790, should be read by public men in this and every other land for their enlightenment and guidance in solving problems which in Hamilton's time (*Continued on page 55*)

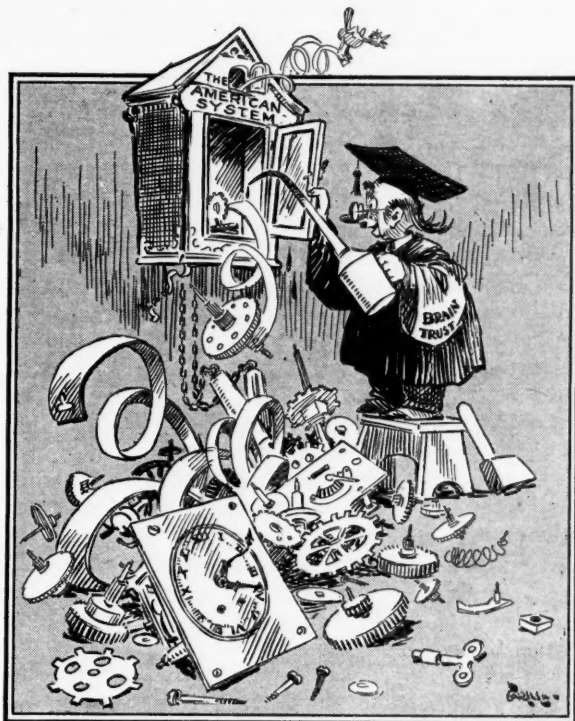
BRAIN TRUSTS of History

By ROGER SHAW

A AMERICAN AND EUROPEAN newspapers are filled with tidings of a so-called Washington "brain-trust", to which certain observers have been attributing great intelligence, while critics accuse it of fascist or communist designs. To read the American daily press one would think that this group of "red professors" was unique in its views and activities as advisers to President Roosevelt, his department heads, and the extensive machinery set in operation under the aegis of the National Industry Recovery Act. But are Washingtonian theorists of 1933-34 indeed so unusual in their academic approach to public problems? History tells another story, for Europe—with its penchant for specialized intellectuals—has had a vast experience with brain-trusts in the past. European brain-trusts have often proved extremely felicitous and successful in their high-minded devotion to public questions of politics, economics, and sociology.

There are, it seems, three general alternatives for the orientation of governmental policies in a disordered post-war world. One of these is government by elected politicians, dependent on popular votes, short terms, and powerful lobbies launched by militant minorities. A second is government under the auspices of big business and vested interests, with business men unquestionably influenced by such personal matters as profits and dividends and tariffs. A third is the competent advice of thoughtful experts, non-partisan, unencumbered by the dollar-and-cents motive, and trying to act as they see fit in a spirit of intelligent detachment. Brain-trusts seek earnestly to ignore voters' lobbies and the unbridled cavortings of restive stocks and bonds.

The original American brain-trust was that extraordinary group of practical philosophers who steered the Thirteen Colonies to victory in the American revolution. Thomas Jefferson, who spoke for life, liberty, and the pursuit of happiness in his Declaration of Independence, was a prime thinker; with Ben Franklin, Alexander Hamilton, the Adams clan, Patrick Henry, James Monroe, James Madison, John Jay, Thomas Paine, George Mason, John Marshall, and a host of others as able lieutenants. Williamsburg in Virginia was, at this time, the political minded center of the world; and the theories of John Locke, Jean Jacques Rousseau, Voltaire, Montesquieu, and other "radicals" of renown were discussed and studied with avidity by the American colonial intelligentsia. These "colonials" framed the Declaration of Independence, the Articles of Confederation, and later the Constitution of the United States, which has come down to us almost intact after a century and a half of only minor amendments. That the Tories of 1776 should have feared and hated the Whig brain-trust of the American revolution was natural enough. The Whigs were thinking out an epoch-making eighteenth-century New Deal.



By Carlisle, in the Des Moines Register

JUST OILING THE CLOCK A BIT

On friendly terms with certain members of the original American brain-trust was the Jacobin brain-trust of the French revolution of 1789. The Jacobin clubs of Paris were private associations of public-spirited lawyers and business men, writers and thinkers, who hated feudalism and clericalism and the benighted medieval spirit. Their indirect influence upon the French revolution was tremendous, and Rousseau was one of their sainted prophets. Strongly rationalistic, the Jacobins were patriotic, republican in sentiment, and vigorous advocates of universal education under secular control. They organized fourteen armies for the defense of French liberty against European reaction, and moulded France into her present-day highly centralized form of government. These "Men of the Mountain"—beloved by the Paris mobs—were led by such patriots as Marat, Danton, Carnot, and Robespierre. Napoleon Bonaparte rose from the Jacobin ranks. Today, in French politics, the Radical-Socialists of ex-Premier Herriot consider themselves the lineal descendants of the brain-trust of 1789—a group of liberal thinkers unexcelled in the history of Western Europe. Modern France is largely a product of the Jacobin clubs; and modern nationalism, strangely enough, is largely a product of Jacobin ideology.

FREDERICK THE GREAT, benevolent despot of eighteenth-century Prussia, was a firm believer in brains and brain-trusts. Old Fritz called to his side experts and intellectuals from all over Europe, and Voltaire became one of his closest friends and asso-

ciates. Neither the agnostic Frederick nor his Protestant Prussia was deeply shocked by the spirited anti-religion of the French philosopher. His councils proved valuable to the Prussian state, as Frederick reconstructed the damage done in the Seven Years War by measures based on the theory of a primitive state-socialism. Incorruptible efficiency in army and civil service was the aim of Frederick, who despised grafting clerics and feudal lords.

Absolute in his power, the Prussian king was ready to heed expert advice even when it proved to be of an unpalatable nature. His brain-trust, with its brain-child taking the form of a self-sacrificing bureaucracy of skilled civil servants, laid the foundations for Prussian efficiency and for the Prussianized Germany of 1871-1934. Old Fritz once declared that he had a single cook and a hundred spies. He was never complimentary—and by “spies” he referred to snooping experts whose very snoopiness turned out to be an invaluable Prussian national asset.

IN THE NINETEENTH century a species of brain-trust arose in England, nicknamed the “Manchester School.” Adam Smith, David Ricardo, and John Stuart Mill were successive exponents of “Manchester” doctrines. Manchester was an important center of the new industrialism, and the city became a veritable Mecca for political economists of a high degree of intelligence. Manchester was progressive and middle-class in outlook, non-conformist in matters of religion, and in general opposed to English feudal survivals and to the domination of the English ruling class as an aristocratic oligarchy. These Manchester economists and intellectuals came to exert a powerful indirect influence in the course of English affairs—an influence exemplified in a variety of orientations. The Manchester School of “doctrinaires” was cordially disliked by the Tory agrarian interests.

Free trade was a primary doctrine of Manchester and its thinkers, along with a maximum of laissez-faire and rugged English individualism. “Government as a passive policeman” was the Manchester motto. England at the time was the only manufacturing country of importance, and free trade with the world at large was a boon to English industrial interests. Free trade meant an absence of tariffs and the easy entry of English industrial products into other lands, at a time when the other lands had no competing manufactures to dump, tariff free, into England. Furthermore, free trade meant that foreign foodstuffs could enter England very cheaply—and cheap food for the English working class meant lower wages for English employers to pay out.

English agrarian interests had been protected from foreign competition by “corn laws” which kept the price of bread high; but by the abolition of the corn laws in 1846, English agriculture was sacrificed in favor of manufacturing and England was transformed into a veritable industrial workshop which depended on the outside world for its food supplies. Richard Cobden and John Bright were leading free-traders of the period, but there were many other clear thinkers in the clubs and at the roundtables of Manchester. Free trade became a cardinal principle of English economics, only to be challenged since 1931 by protectionists in the present English National government.

Along with free trade in Manchester went advanced scientific research, stimulated by mechanical means of

production. Manchesterites were, in general, opposed to colonial imperialism and imperial glories; for they reasoned that with free trade as a widespread institution, colonial markets for English goods were unnecessary. Colonies, they considered, were millstones attached to the rubicund neck of John Bull—and in this view, many latterday Englishmen concur. The Manchester School was a determined opponent of Negro slavery, and its adherents supported Lincoln and the North during the American Civil War of 1861. The Northern blockade prevented Southern cotton from reaching the Manchester textile mills, causing a severe Manchester depression, but the Manchester philosophers never swerved in their loyalty to the cause of American laissez-faire. English feudal interests, sympathizing with “romantic” slavery, were in general favorable to the serf-system of the ruling Southern cotton oligarchy.

In present-day Soviet Russia, the political bureau of the Communist party (Politburo) constitutes a variety of unofficial brain-trust. The Politburo has no official significance, and in no sense is a part of the Soviet machinery of government. Yet it exercises the supreme authority in an advisory capacity, and certain of its dozen members hold important government positions through interlocking directorates. Stalin, who is chairman of the Politburo and secretary of the Communist party, has no official Government position of any importance. His influence is purely indirect, as is that of certain other Politburo committeemen. On the other hand, Kalenin is Soviet president, Molotov is Soviet premier, Voroshilov is Soviet war commissar, and Kaganovitch is Soviet commissar for heavy industry. These men, however, are members of the Politburo primarily, and government officials as an afterthought.

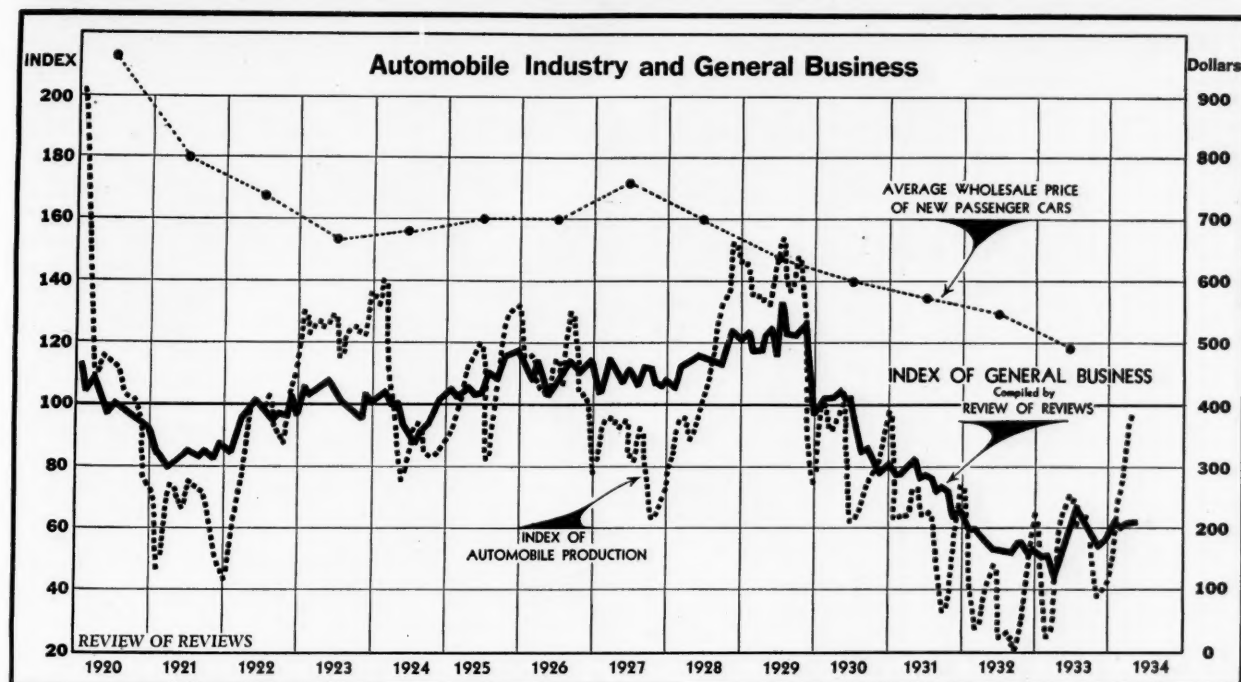
The Politburo is responsible for the industrializing five-year plans in their conception, and as a brain-trust it has thrown in its lot with Russian *national* communism rather than with international propaganda. Trotsky, the political opponent of Stalin and the present Politburo, favored the furtherance of world revolution as a necessary prelude to the success of communism in the Union of Socialist Soviet Republics; but the Stalin brain-trust firmly believes in concentration upon Russian internal consolidation while the rest of the world does as it pleases economically.

THE original Russian Politburo consisted of Lenin, Sverdlov, Trotsky, Kamenev, and Zinoviev. Trotsky, Kamenev, and Zinoviev were of Jewish origin, and in this way the rumor originated that Soviet Russia was a “Jewish republic”. Today Kaganovitch is the only Jew in the Politburo. The Jewish Litvinov, Soviet commissar for foreign affairs, is not a member.

Certain prominent Americans have acted as the heads of visiting brain-trusts since the frantic days of the World War. Finance and taxation have been out of kilter in many European, Oriental, and Latin American countries; and learned Yankee economists have been summoned by such states as Poland, Ecuador, China, and Cuba to apply their brains to the tangled fabric of monetary problems. Professor E. W. Kemmerer of Princeton University and Professor E. R. A. Seligman of Columbia University have served with special distinction in such skilled missions, and have earned the gratitude of the nations to whose problems they applied themselves.

(Continued on page 54)

THE PULSE OF BUSINESS



THIS CHART indicates the relationship between automobile production and the general business line of which it is an important component part. It shows automobile production exceeding general business during periods of prosperity and on the other hand reaching levels below the business curve during periods of subnormal business activity. As a rough measure of gross earnings in the industry the average wholesale price of new passenger cars shows a steadily declining trend since 1927.

Business Overwhelmed by Zeal of Reform

IN SPITE of brilliant performance by certain items, the section of the REVIEW OF REVIEWS monthly index of business activity covering twenty-five fields is not all that had been hoped.

All things considered, the best record is shown by iron and steel. The average rate of steel production was 54.19 per cent of capacity for April, as compared with 47.81 per cent for March, an improvement of 13.3 per cent. This may be compared with an operating rate of 24.12 per cent during the same month in 1933. A year ago pig iron was produced at the rate of 20,787 tons per day. In March 1934 this had advanced to 52,243 tons, and in April to 54,488 tons.

Not all of this increase is the result of a growth in the demand for iron and steel springing from normal current requirements. Under present practices the consumer may place an order for steel which is in reality merely an option to buy, let us say, 5000 tons at the current price. He has the right to specify against that option; i.e., to exercise it at any time during the current quarter. Under the steel code all orders that remain on the books of the steel companies at the end of each quarter are automatically cancelled.

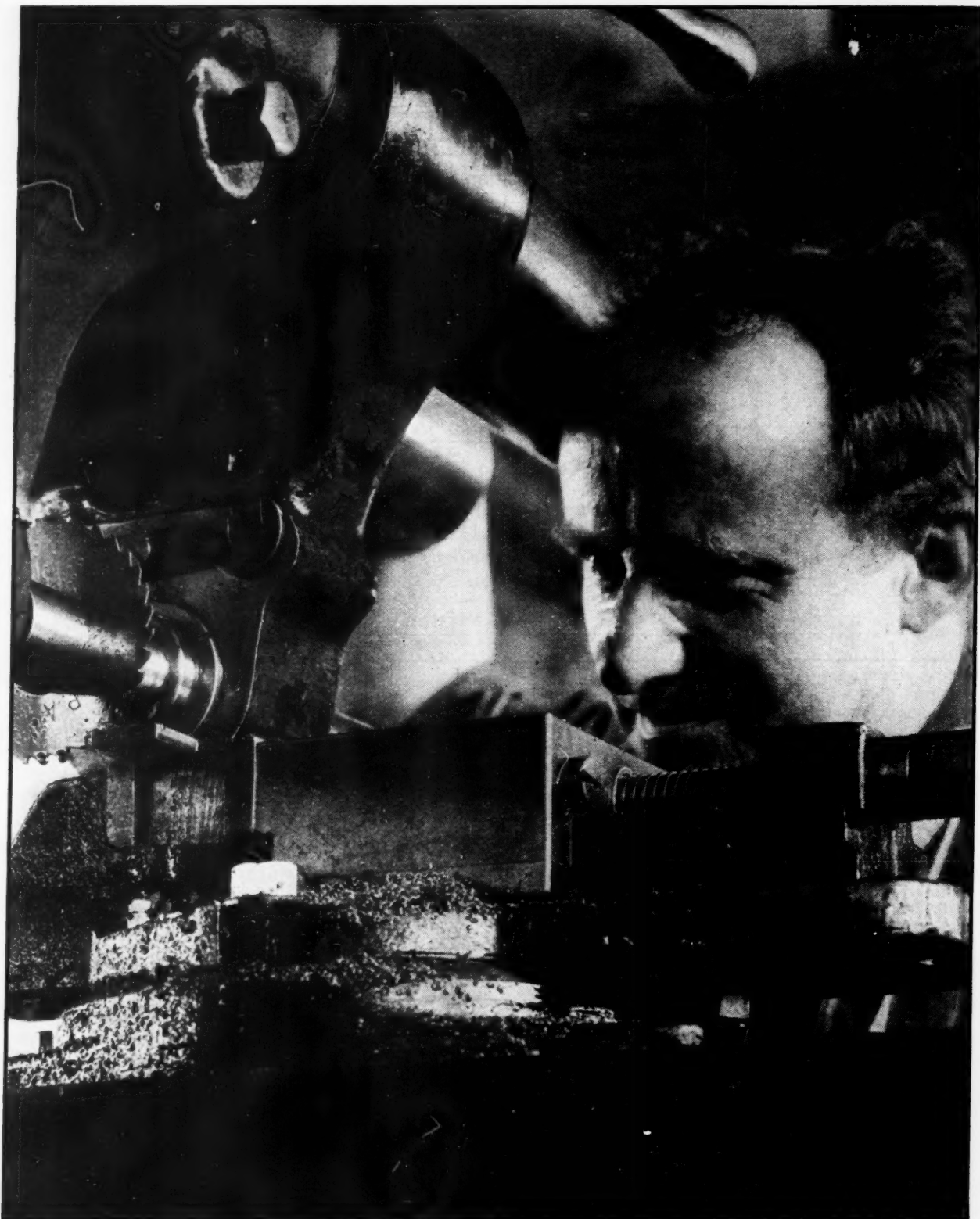
It is here that the speculative element enters. If the consumer believes that prices in the ensuing quarter will be higher he will place an order in excess of his re-

quirements. He will then specify before the expiration of the quarter against all or the greater part of the order, depending upon his own judgment of price prospects during the next quarter. A substantial part of the activity in iron and steel is the result of precisely such anticipation of a future increase in prices—or an interruption of production by strikes. Hence the improvement in steel probably overstates the progress which business as a whole can report.

Automobile Output Passing Peak

The most striking account for the month is presented by the automobile industry. It shows an estimated output of 400,000 units, which is approximately two and a half times the total for the same month a year ago. Here again enthusiasm must be tempered with caution. The second week in May shows a drop in output and indicates that the seasonal peak in production has passed. If we go further back and examine distribution, we find additional confirmation of this view.

Retail sales have been declining for five weeks—intermittently, to be sure, but in such a manner that the trend is beyond doubt. The most striking evidence on this point is the report of sales for April released by General Motors. Total sales to world dealers in April were 153,954 units as compared with 153,250 units in



Ewing Galloway

STEEL PRODUCTION in early May was running in excess of 60 per cent of capacity, the highest rate since 1930. A year ago production was at 35 per cent, and at the low point in March, 1933, the rate was only 14 per cent. Much of the rise has been due to demands from the automobile industry. Our illustration shows a craftsman at his milling machine in the Pitcairn auto-giro plant at Willow Grove, Pennsylvania.

March, an increase of one-half of one per cent. Taking the average change from March to April during the three-year period, 1931-1933, when seasonal responses were strongly swayed by an overwhelming downward trend, we find that the public usually buys 135 cars in April for every 100 which it buys in March. Expressing this in another way, if public buying had followed the seasonal pattern traced during the years 1931, 1932 and 1933, General Motors sales during April would have been 207,000 units instead of 153,954.

Ford Refuses to Play Ball

This, however, is no substantial occasion for business jeremiads. In March, General Motors showed an increase of 52 per cent over February. A reference to the experience of the previous three years shows an average rise of but 5 per cent. The factor which is causing some uneasiness within the industry is Henry Ford. When the producers announced a general advance in prices on April 1, to offset increases in labor and material costs, they cordially invited Mr. Ford to come along. The sage of Dearborn said "No, thank you. I will stick to my prices. True, my steel is getting higher, but I am preparing to produce my own. Higher wages are the best thing that can happen to the automobile producers. It primes the market for cars. The way to increase production is to cut the price. My motto is to make a small profit per unit and turn out a mass of units." By refusing to accept the overtures of the other makers, Henry Ford shattered no precedents. He has always been that way. Nevertheless, he has provoked a fluttering palpitation in the bosoms of the other manufacturers. You see, Ford's sales for April

of this year showed the full seasonally expected increase over March.

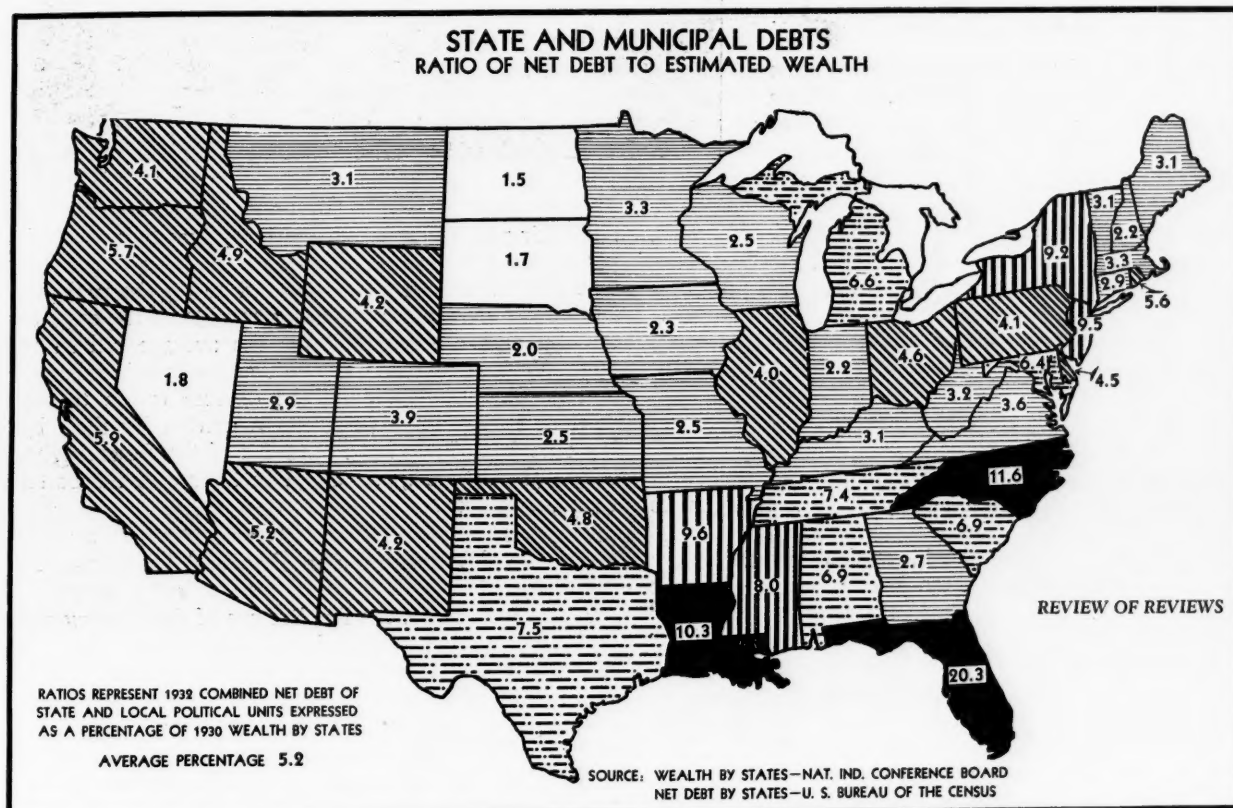
Cotton and Oil Perform Satisfactorily

Two unostentatious but very satisfactory performers are cotton consumption and crude oil. Although tamer Ickes has had his hands full trying to induce the various oil lions to take the pedestals assigned to them in the oil program, he has had reasonable success. Hot oil—i.e., oil produced in excess of the state quotas by recalcitrant drillers—remains a problem. Although the gasoline situation in the metropolitan district during the first half of May was still in a confused condition, the refiners generally followed the lead of New Jersey's Standard in raising the price of gasoline a half-cent a gallon. The industry is by all odds in the best condition it has been for years. The index of production for the month of April is 97, compared with 95 for the preceding month.

Cotton consumption showed a decline of 15,000 bales, from 535,000 to 520,000. This is less than usually takes place, with the result that the index, which makes correction for seasonal changes, rose from 97 to 99. Weather conditions throughout the cotton belt have been favorable. Tire fabric, duck, and the heavy-goods mills have been under some pressure from code authorities to curtail output. This pressure is being resisted successfully by the producers, which is generally regarded as helpful to cotton.

Stepchild of the New Deal

Electric power maintained its volume of the preceding month, and in the light (*Continued on page 52*)



THE combined net debt burden of state, county and local political units, presented in the above map, was obtained from Census Bureau reports and consists of gross debt, less sinking fund assets set aside to meet such debts. The states with heavy black shading are also states in which a high ratio of municipal bond defaults have occurred, indicating a topheavy municipal debt structure.

Cutting the Cost of Sickness

By
JO H. CHAMBERLIN

★ ARE doctors' bills too high? Is sickness a luxury? The facts are that both doctors and patients are demanding a new deal in medical costs. Both are dissatisfied; both seek a remedy. What is being done to make illness easy on the American pocketbook—who the experimenters are—and what the chance is for a slash in your next doctor's bill.

JOHN JONES has the grippe. He is at home tossing around in bed, full of aches and pains. Periodically he doses himself with a dozen different remedies and hopes to be up and around in a day or two, able to speak at the next Rotary luncheon. Mrs. Jones has given up trying to get "the stubborn old fool" to call a doctor.

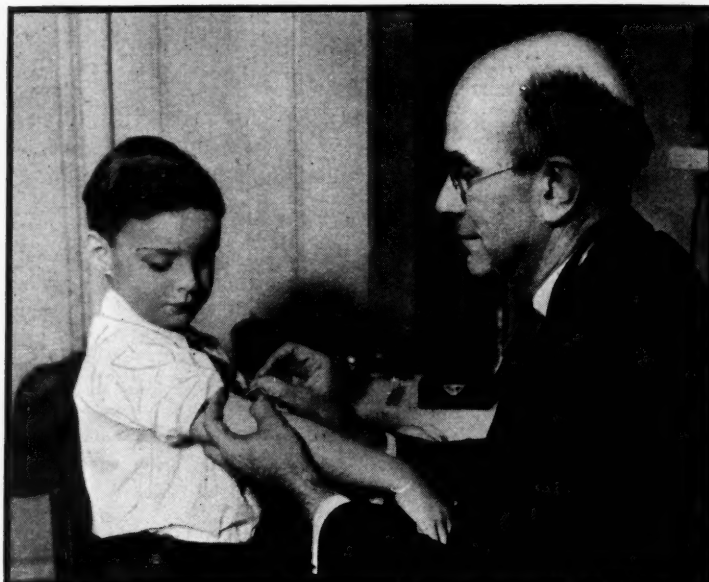
Some months ago Junior had his tonsils out and Jones still owes Dr. Brown some money. Dr. Brown is John's personal friend and John doesn't want to be under any further "obligation", pain or no pain. So John snaps at his wife, moving about the house, and asks of the gods, why do they badger him so?

In his office down the street at the same moment is hardworking, able Dr. Brown. In his reception room are six patients, all of whom will be treated by Dr. Brown, and two of whom can pay him. But pay or no pay, their ills will be diagnosed, their pulses taken and stethoscopes pressed against their bosoms. As he works, the doctor wishes he had more patients like John Jones, who ordinarily pays his bills promptly and would now if he could.

Dr. Brown's patients are not all bums and dead beats. Dr. Brown is one of the more successful physicians in town. He works an average of twelve hours a day, seven days a week. He takes great pride in his work, and hopes sometime or other to get acquainted with his own family. He knows, however, that when he figures up his income tax after a busy year he is lucky if he clears \$3000 to \$4000.

If anybody is to blame for his slashed income besides that ole devil hard times, Dr. Brown decides, it must be that clinic in the next block, the "company doctors" in the town, or the insurance concerns. Of late he has been looking at them all a little dubiously. Even though these services are sometimes only advisory in character, Dr. Brown has lost a lot of the coughs and colds and what not which help pay his rent. And whereas the public clinics may be full, the hospital with which Dr. Brown is associated is in bad straits. The breezes blow through the private rooms which pay its bills; but the charity wards are full to overflowing.

Such is the economic muddle into which the doctors

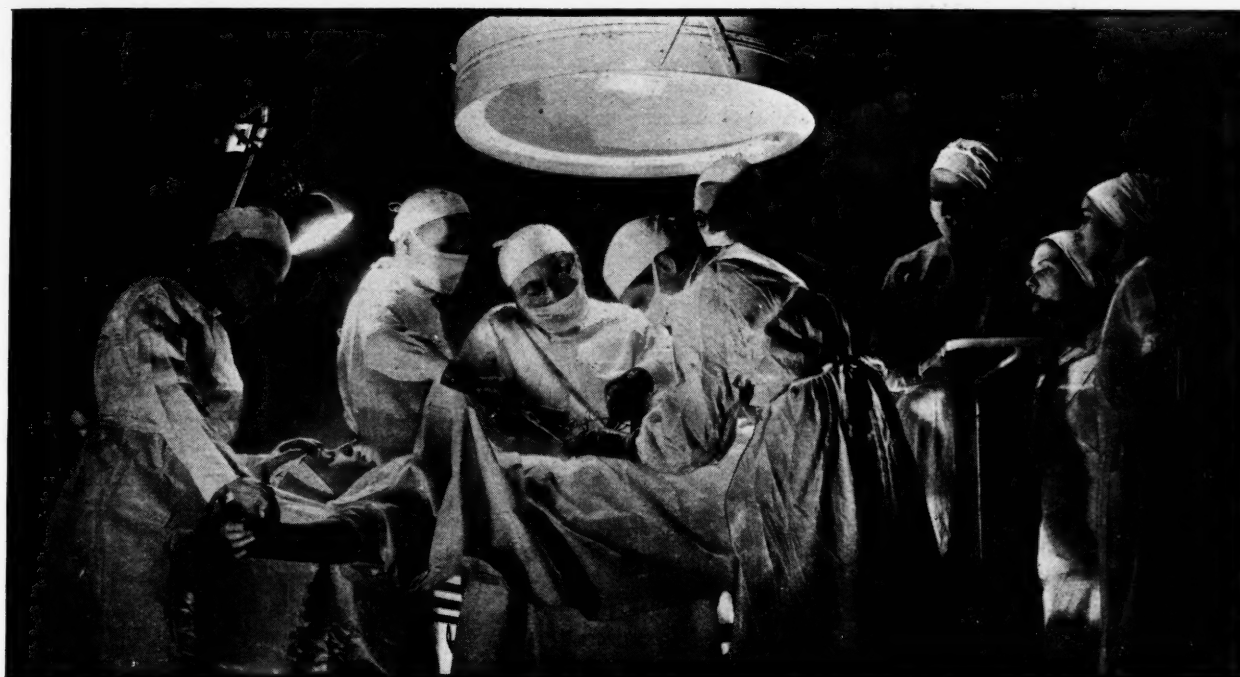


Ewing Galloway

and their patients have gotten themselves today. Both parties are striving in a dozen different ways to get out. The doctors want a new deal and so do the patients. Both agree that under prevailing conditions the costs of medical care are too high for the average citizen to pay. Various remedies are being expounded, debated, and denounced. To date, the doctors refuse to say "ah" or swallow the prescriptions written for them by lay outsiders. They have remedies of their own. Who, they want to know, can diagnose their own ills better than themselves?

Diagnosing the Doctors' Ills

A few facts about the Dr. Browns of the country and their patients may explain how everybody got into this mess—and give us a clue as to how to get out. There are 140,000 physicians in the country, and there are a million more persons helping them tend the nation's sick; dentists, optometrists, nurses, pharmacists, technicians, and lay personnel. Six billion dollars are invested in buildings and equipment. It would probably be fair to say that every doctor invests ten thousand dollars in his education plus an equal stake on the part of the state. The medical "industry" ranks among the



OPERATIONS necessarily cost money. This scene from the Pulitzer prize-winning play "Men in White" suggests the main reasons for the high cost of medical care: highly trained physicians, technicians, efficient equipment, hospitalization. As medical knowledge advances, expenses inevitably increase. What is needed is a more economic distribution of costs among the different income groups of the community.

first ten industries of the nation, with three and two-thirds billion dollars expended every year by American families for medical care. Good times or bad, this money is spent. When germs become undesirable tenants in the human body, the landlord has to pay to throw them out.

At the beginning of last year the Committee on the Costs of Medical Care wound up its affairs after five years of toil and trouble in diagnosing economic ills. The committee was supported by eight well-known foundations, spent \$750,000 in its researches into the economics of medicine, and was headed by Dr. Ray Lyman Wilbur. Some startling facts were brought out about American families, their doctors, and the income and outgo of both. The period covered good times and bad. More recent local surveys have established the accuracy of the Committee's figures, although many physicians have disagreed with its recommendations as to how the medical profession's maladies should be cured. The Committee's figures will be used because they are the most complete ones to date, and, more important, because they are representative of general conditions inside and out of the profession.

The Doctors Have No NRA

Doctors do not make much money. Though costs generally have risen, they make proportionately much less as a group than they did years ago. For every one who earns \$10,000 a year there are two who earn under \$2500. The number of physicians has increased more rapidly than the population. A doctor is usually thirty years old before he is through training. He starves five years and is then expected to earn enough in the next fifteen or twenty to put his children through college, maintain a home, and retire in financial security. Only if he has the mind of an

Osler, the business skill of a Ford, and the physique of a Carnera, can he possibly do it.

The doctor's income varies tremendously, not only because of experience, specialization and merit, but also according to the size of his community, the geographical location, and how many civic and social burdens he can carry on his over-worked shoulders. The burdens are particularly heavy in small communities. He usually has a large investment in equipment which must be amortized. As a rule, physicians collect four-fifths of their charges, not including the free work done for which no bills are sent. A recent survey by the U. S. Public Health Service and the Milbank Fund showed that three out of five doctors' calls among low income groups were free calls. If this proportion is high it nevertheless furnishes ammunition for those who say that the costs of medical care should be spread over a larger group of patients or even over society as a whole.

What It Costs to Be Sick

Dr. Brown's patients are not exactly prospering either. They may spend up to 8 or 9 per cent of their incomes, on an average, for medical care; and in a bad year annual incomes may, in individual cases, be completely consumed. Average citizen John Jones spends at least three and one-half days a year in bed. A third of all his illnesses are coughs and colds, and one illness in fourteen or fifteen sends him to the hospital. He is much more likely to be sick in winter than in summer.

The average family, with a membership of 4.4 persons, spends about \$108 a year for medical care, or about 4 per cent of its income. Of this money, about \$40 goes to the doctor. The remainder goes to dentists, hospitals, nurses and for medicines.

The costs fall unevenly on different families. While the yearly average is \$108 per family, the general

average in large cities is \$149 and in small towns and the country \$79. Furthermore, families with low income pay a much larger portion of that income than do the high-income families. Many poor city families pay over 8 per cent of their income, or one dollar out of every twelve earned, for medical care. The rich families carry the load; nearly one-half of the national medical bill is paid by one-tenth of the patients.

What is perhaps hardest on the average family is the obvious fact that nobody knows ahead of time when he is going to be sick. If illness occurred regularly and with relatively equal expense from year to year, the Jones family might anticipate the costs. But at present, particularly among wage-earning classes, the doctor bill comes at a time when the sick person is least able to pay. Families in the same income class suffer wide variations in medical expense during a year. In any income group, only 10 or 15 per cent of the families will have expenses equal to the average, while the remainder may incur charges five or ten times as large, or from 12 to 50 per cent of their total annual income. Common ailments may be taken in one's stride, but the irregular "high cost illnesses", such as pneumonia or appendicitis, wreck family budgets.

It is difficult to set up a standard which can be considered adequate for *all* of our citizens, but nobody denies that present facilities in both private practice and in preventive medical work are inadequate compared with what they could be. Preventive medicine, for example, gets only a cent or two out of each medical dollar. Even in good times the per capita expenditure was only a dollar a year for public health work, and it is estimated by C. A. Winslow to have dropped in hard times to about 70 cents—the price of a seat at a baseball game. A nickel spent in this work may mean a hundred dollars saved in the long run, or even a life. Two-thirds of our rural communities have no full-time public health officer. Two dollars per person invested every year in preventive medicine would mean billions of dollars worth of health. If adequate care for *everyone* is to be provided more money will have to be spent in both preventive and curative medicine than at present.

There is no doubt that more persons than one in fifteen, as at present, should have a medical examination every year. More persons than one out of five, as is the average today, should visit a dentist regularly. Even among the rich folk, only six out of ten have the nerve or intelligence to visit a dentist at all. Among the poor, six out of seven have no dental

care whatever. Of course, everyone cannot be made healthy, wealthy, and wise overnight. Men and women who have gulped "Indian Snake-Root Tonic" for twenty years are not going to change at once. The point is that care should be brought within their financial reach, and that they must be educated to make use of it.

A New Deal for the Doctors

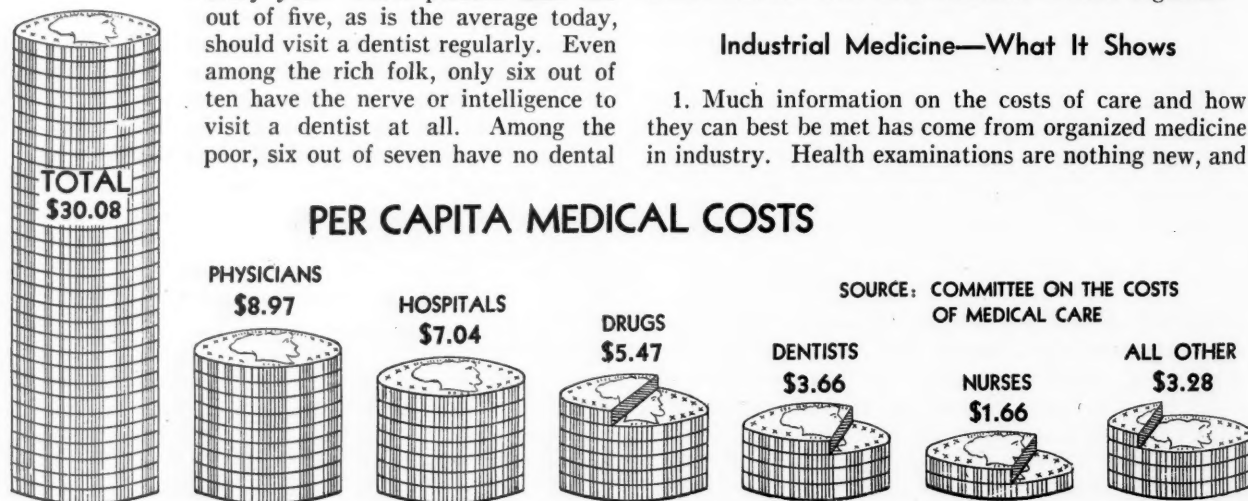
Both the doctors and the patients want a new deal; both realize that the present practice of medicine is economically wasteful. It does not appear likely that *actual* medical costs can be reduced very much. Under any system medicines, equipment, and doctors' and nurses' time would cost about what it does at present. Nothing can be gained by slashing doctors' incomes or beating down the price of quinine.

Reductions in the cost of medical care must come through: (1) More economic and efficient organization of personnel in the profession; (2) financial arrangements which permit the patient to spread the cost of sickness over longer periods of time; and (3) a more equitable distribution of costs among the community as a whole. To this writer it appears reasonable that group methods which have been worked out in other fields of activity can be put to work for medicine without regimenting its practitioners into job-holding nonentities. Indeed, group methods are already commonplace, and the time is not far off when they will become "respectable" in medical circles.

At this writing some twenty-five or thirty different experiments are being carried on in different parts of the country in an effort to reduce the high cost of getting sick. Indeed, some can hardly be called experiments, having been in successful operation for many years. There is an undoubted tendency today toward collective action on the part of doctors and patients. Doctors may get together to reduce overhead and provide more comprehensive service. Most are associated already with hospitals or other groups. The consumers themselves may organize, or there may be combinations of both. The main idea is group action. What is causing all the stir in the profession is the question, Who is going to be boss, doctor or patient? What is most obvious is that both will have to work together.

Industrial Medicine—What It Shows

1. Much information on the costs of care and how they can best be met has come from organized medicine in industry. Health examinations are nothing new, and



The above chart shows the average annual cost of medical care for each person in the United States. The difficulty lies in the fact that medical costs are highly irregular and cannot reasonably be anticipated in the budgets of individual families. What is needed is a spreading of the risk over a larger group, through organization of the consumers, or doctors, or both. This can be done through the various plans discussed in the article.

mining, lumbering and other industries have had "company doctors" for years. As far as they go, most of these systems work satisfactorily. At least 5,000,000 employees now have health programs and supervisory service. But a number of companies have extended that service to include complete medical care for the worker and his family. In normal times, more or less complete medical care is given about 1,750,000 persons under company sponsorship.

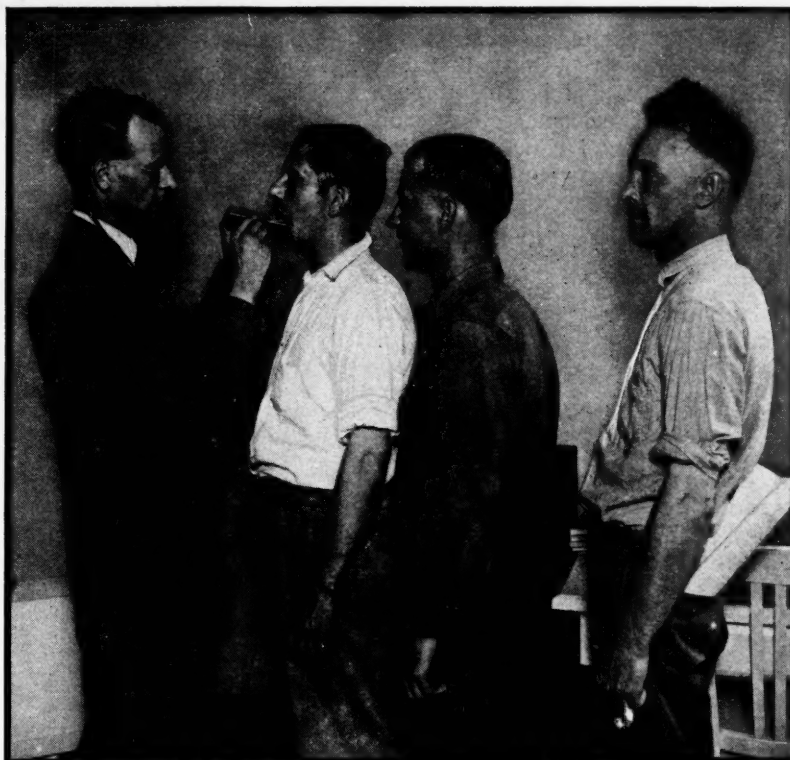
One of the best known and most successful of the medical services is operating in Binghamton and nearby cities in New York State. Since 1919 the Endicott-Johnson Company has endeavored to furnish full medical care to its 18,000 workers and their families, totalling 50,000 people. The service includes a hundred doctors, dentists, nurses, technicians, and clerks, whose salaries are paid for by the company out of current earnings. There are no restrictions on time spent by workers in its hospitals or on the type of care needed by them. Employees are free to consult private practitioners if they wish, and about 10 per cent of them do during the course of a year. Investigation indicates that the company care is at least equal to that provided by private practitioners in the same locality. The cost per person to the company is about \$20 a year, as compared with \$11 per capita ordinarily spent by people in the same income brackets.

2. In more than 150 colleges and universities there are student health services, some of which have been functioning for fifty years or more. Some of these furnish complete medical services. Well over a million students and teachers are included in such groups, a good share of the grand total. At the University of California complete care—physicians' services, dental work, hospitalization, physical-therapy, x-ray and drugs—is furnished to ten thousand students at a cost, including capital charges, that averages \$18 per year per eligible student.

How the Farmers Do It

3. A number of rural communities, faced with the plain fact that if they wanted medical care they would have to assure a competent man a fair income or go without it, have organized themselves as consumer groups. By guaranteeing a doctor a good salary a district is assured adequate care. The rural group plan is often somewhat disguised by the fact that a competent man will remain in a locality because he is paid by the local government for treating the indigent or for public health work. But he is a group physician in fact if not in name.

In Saskatchewan and Manitoba, Canada, nearly fifty rural areas have group plans in which physicians are paid through general taxation. These physicians are usually health officers as well, and the system has been



A large number of companies have health examinations and health services for employees, such as that of the Walker-Gordon dairy illustrated above. Most services are advisory and leave serious ailments for the general practitioner. More recently, however, various companies are offering complete care for their employees and families.

operating successfully since 1921. The doctors are assured from \$3,000 to \$5,000 net income each year, and both patients and doctors appear well satisfied with their bargain. Freed from the necessities of bill collecting, the doctors report that they are able to do better work. Unfortunately most rural areas are without adequate hospitals and such costs come extra. The present service, if paid for direct instead of through taxation, would cost each family from \$7.50 to \$10 per year. Of such plans H. L. Mencken once wrote: "A few unusually enlightened rural communities have induced doctors to settle in them by offering guaranteed incomes to competent men, but it must be plain that such communities are too intelligent to be numerous."

4. There has been for many years a trend toward centralized or clinical practice among doctors. Hospitals often provide special facilities for consultation and diagnostic practice. There are also clinics of various types which have sprung up especially since the war. A few doctors may get together in order to reduce expenses, yet maintain strictly private relationships with their patients. On the other hand, there are private clinics which operate as a unit with the doctors receiving flat salaries for various types of work done. The principle is the same—collective action on the part of the doctors.

Originally, clinics and out-patient departments in hospitals were for people who could pay little or nothing. During the course of depression, many persons in the middle-class group were forced or chose to attend these clinics, where by paying a flat fee they could receive the services of a physician at comparatively low cost. Some clinics are specialized; others provide gen-

eral medical service. In most American cities there are private group clinics, hospital clinics, and medical centers of various types operating today. Economies of administration and benefits through specialization are cited as their advantages over individual practice.

The trend toward clinical practice is not viewed among the profession without qualms. In organized medicine they fear that the individual doctor will lose his identity, that it is just another step toward the state or socialized medicine which Mencken once derisively described as "urged by fanatics and paid for by fools". This antagonism is not expressed toward small private clinics as much as the larger ones, particularly those under public sponsorship.

The Los Angeles Battlefield

The issues are dramatized in the situation which exists in Los Angeles today. Some years ago an extensive medical program was begun for the county as a whole under the direction of the health department. A modern county hospital costing \$12,000,000 was built and twelve health centers were erected in various parts of the county, some of which were operated in conjunction with other welfare activities. General practitioners served as volunteers. But about two years ago the doctors joined in a movement to reduce welfare activities, and taxes. The general practitioners, feeling that patients were being "unethically" taken away from them in wholesale lots, suggested that cases could be treated just as well by private physicians in their own offices. So, today cobwebs are being spun in the county centers; they are practically all shut down. No curative practice is being carried on, and much less preventive. What the future is no one knows.

The Los Angeles County Medical Association is now waging a fight against the Ross-Loos clinic, a private clinic maintaining service in Los Angeles and twenty suburban towns and caring for about 50,000 persons. For a payment of \$2 a month a subscriber to the Ross-Loos clinic is guaranteed medical care for himself and members of his family. The service is subscribed for by members of the city police, fire and civil service departments, teachers, and others, and has been in operation since 1929. Doctors Ross and Loos have recently been dismissed from the county medical society, and are now appealing to the state society and threaten to carry the issue to the American Medical Association. The A. M. A. has expressed itself repeatedly against group medicine. The issues in this case are clearly defined: it is group medicine versus individual. The professional standards of the Ross-Loos clinic are not in question. The outcome will be tremendously important. The \$24 per year per family for medical care will be a hard argument to offset in the mind of the general public.

5. An encouraging development of late years has been the establishment of "group pay" plans by hospitals and other agencies. Through the payment of a flat sum each month, the patient is assured complete hospitalization, and in some instances the services of a physician when he becomes ill. This charge may vary from 50 cents to two dollars a month depending upon the type of care rendered. The hospitals have taken up the plan enthusiastically.

About thirty cities have "group payment" plans in operation and about fifty more are in process of formation. They are called group payment plans because

many doctors shy at the term "health insurance". From \$5 to \$10 a year is paid in by each person in small monthly sums and he is guaranteed hospital care which might cost him \$300. The idea is growing rapidly, and several state medical societies have approved group pay plans. They have the active support of the American Hospital Association and the Western Hospital Association. The idea is being vigorously carried forward after passing practical tests. One thing is certain: the hospitals have been helped to weather troublous economic seas, and so have the patients.

A majority of the country's doctors object to group practice of anything but a strictly voluntary character. They are inclined to look dubiously upon organized medicine of the varieties heretofore described on the ground that the individual doctor loses what is most precious to him—a personal relationship with the patient. The doctors object to group practice with centralized control on the ground that it inevitably leads to the final regimentation of all physicians under a political top-sergeant. This, they say, is state medicine. A doctor in the play "Men in White" speaks for many of his brethren when he remarks that they would consent to state medicine only if they were first allowed to put the politicians on operating tables and "remove their acquisitive instincts".

Particularly objectionable to the top men of the profession is the thought that they would be reduced to the ranks. They believe that the great discoveries of medicine have come through individual, not collective, efforts. As one physician told the writer: "I worked about twenty hours a day for three years in Blank hospital. I did it because I wanted to amount to something as a doctor. If I were hired by the state at two hundred a month, do you think I would do it?"

Where We Are Headed

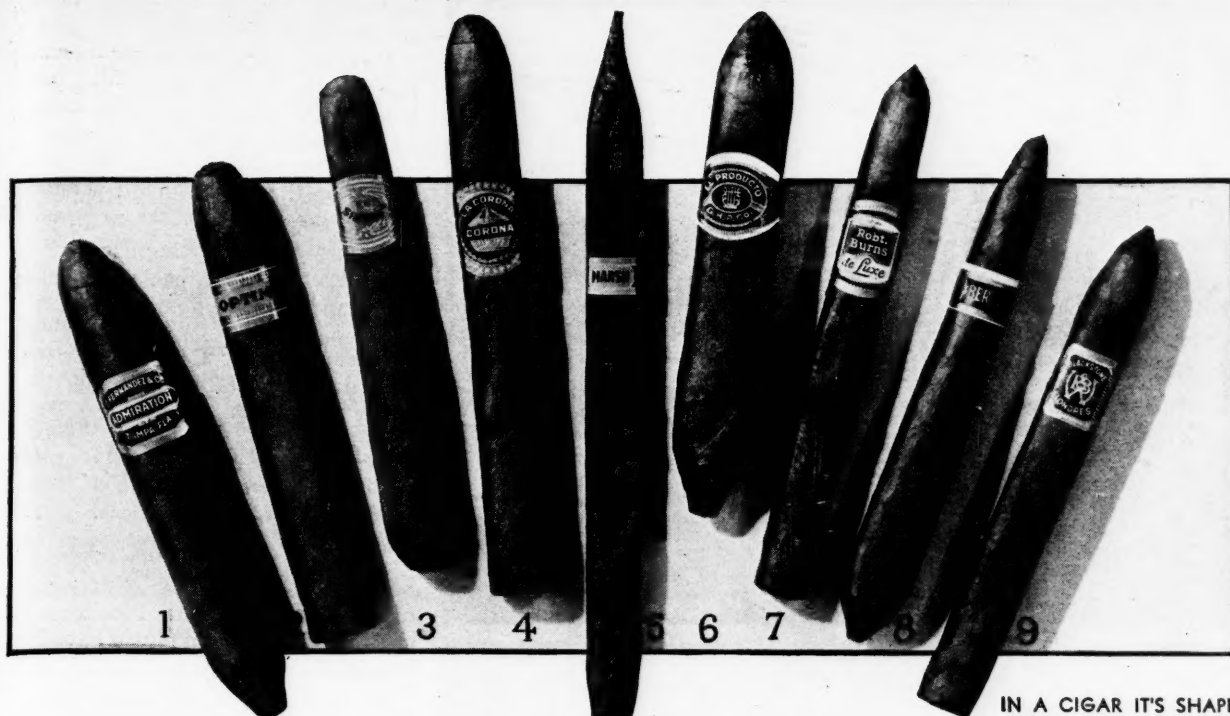
To the lay outsider, it appears economically inevitable that the various groups of doctors and patients will continue to grow. In that direction lie lower medical costs. Such is economic history in other fields of activity and there is no reason to believe the medical profession is an exception. The concept of medical care with the burden better distributed over the entire community is growing, though this should not be construed as state medicine. Individual patients should pay according to their ability for what they get and personal responsibility should not be shelved. There seems no valid reason why there should not be an extension of the coöperative idea on the part of both doctors and patients. It would bring lower costs to the patients, help stabilize the incomes of practitioners and put a vital human partnership on a much less chaotic basis.

There must be a professional control of all medical care with a reasonable freedom for individual practitioners. Any method of payment by groups must necessarily be some form of "insurance", no matter how you look at it, but it need not necessarily interfere with private practice of those who desire it. Viewing the situation as an economic problem rather than one of conflicting professional ethics, it would seem that such coöperative ends are not incompatible with group practice. The trend is definitely toward group practice and group payment as a means of enabling the patient to pay his bills and give the average physician an adequate, regular income.

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IN A CIGAR IT'S SHAPE
(See caption below)

CIGARS—5¢ and Otherwise

★ SEVEN out of eight smoke five-centers. But the eighth man won't have them! Here is a picture of the ups and downs of cigar smoking, and of changing trends in the industry.

PROBABLY THE MOST quoted witticism of an American statesman in modern times is a casual remark of Vice-President Marshall. For eight years he was employed by the American people in the twofold duties of the Vice-Presidency—all dressed up and waiting for the lightning to strike, if, as, and when; meanwhile sitting upon the Senate rostrum every legislative day as the one-man audience to whom the ninety-six members make a pretense of addressing their remarks. "What this country needs . . ." he had heard over and over again during those years of tiresome debate. "What this country needs," volunteered Marshall one day, "is a really good five cent cigar."

At that time the cigar was at its peak of popularity; the gentleman smoker was burning up 7 to 8 billion



Ewing Galloway

SMOKERS' preference in the shapes of cigars lead to the variety pictured at the top of the page. The shapes are known as (1) perfecto, (2) brevas, (3) belvidere, (4) corona, (5) stogie, (6) puritano, (7) panetella, (8) club and (9) londres. These shapes are also made in several sizes.

By
HOWARD FLORANCE

cigars yearly. Last year only 4.3 billion were consumed. The cigar had lost popularity, first as a result of war (which trained young men to be cigarette smokers) and later as a result of depression.

Prohibition also was a decided factor, for it closed two hundred thousand retail cigar outlets. And quite as important as any one of these retarding influences was the advent of the chain cigar store, which pushed other articles and gave perishable cigars little of the attention they need to keep them in good condition.

But manufacturers are now taking advantage of the record low cost of leaf tobacco to bolster declining sales with improved products and lower prices. Higher labor costs and overhead under NRA may, of course, tend to swing the pendulum once more to upward price adjustments.

The cigar known as William Penn led the way back to 5 cents, in 1922. White Owl, one of the very large sellers, has been priced at 5 cents since 1931. Ten years earlier it sold for



HARVESTING and drying shade-grown tobacco on the plantation of La Corona in Cuba. The fine texture shade-grown leaves are used for wrappers. Sixty to ninety days are required for drying.

* 10 cents, being successively reduced to 9, 8, 7, and then to 5. Phillies, another highly popular brand, made the same distance in one jump a year ago. Cremona, still another of the ranking sellers, became 3-for-10 last year in the same wave of lowered prices; but it is now back at 5 cents.

Over at the other end of the price range is La Corona Corona, supreme, ultra, plutocratic, and what not, which came down from 60 cents to 35, with smaller sizes reduced in proportion, thereby quadrupling the sales of the Corona family. More about that later. In between is a healthy group of 10-cent cigars, which have just as truly lowered their price by giving considerably more value for the same sum of money.

A cigar code is now being fashioned in a painstaking and sincere manner, to meet the conflicting ideas of all

interested parties — manufacturer, wholesaler, and retailer.

Have we witnessed a definite, and permanent, change in the smoking habit? Or has the cigarette manufacturer merely stolen a march on the cigar maker by the more generous use of advertising? Aside from any answer that they may yield to such questions, the supporting data are interesting. We look backward thirty years, and set some figures down:

AVERAGE YEARLY CONSUMPTION OF TOBACCO (millions of pounds)

	Cigars	Cigarettes	Pipes, etc.	Total
1901-05 . . .	124	12	314	451
1916-20 . . .	155	130	364	650
1929-32 . . .	131	320	290	751

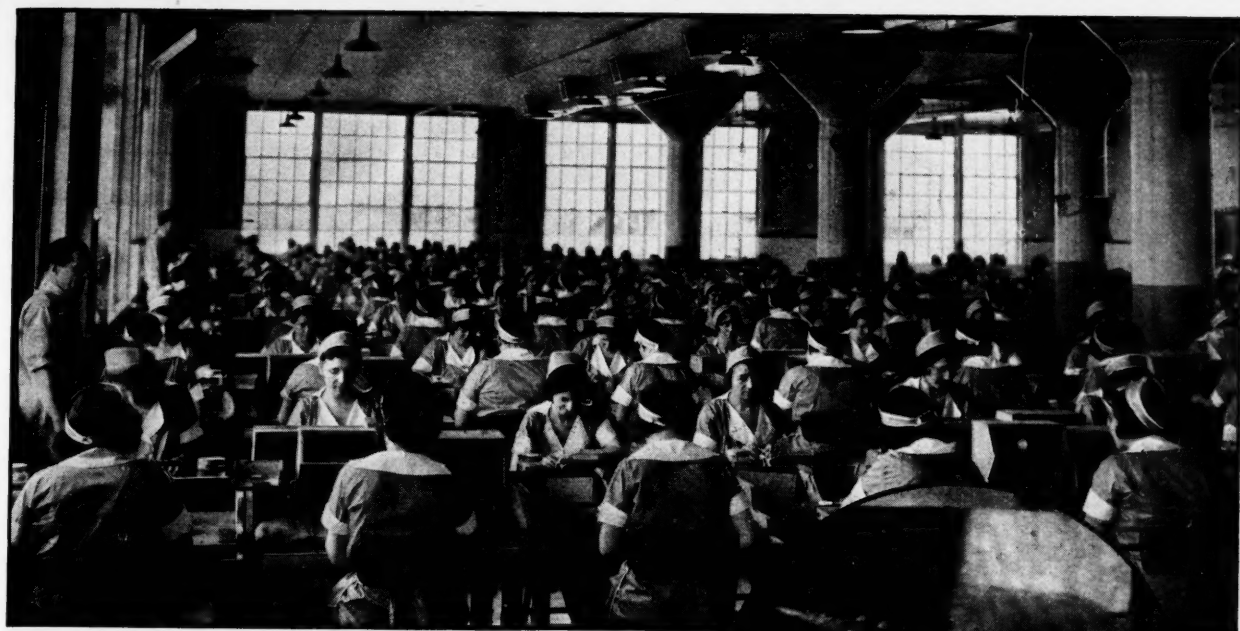
Thus in a single generation the use of tobacco has increased by two-thirds of the original amount. Pipe tobacco, chewing tobacco, and cigars have lost heavily in recent years, though first they made notable advances. But as many cigarettes are now made in any two weeks as were manufactured in a full year of that earlier period (ignoring the fugitive hand-made, roll-your-own variety). The use of cigarettes doubled in war time, as an antidote for frazzled nerves. It has doubled again since the war, partly because smoking suddenly became an attribute of feminine culture.

Shall the cigar manufacturer take it lying down? He cannot hope for a war-time urge, nor expect cigar-smoking to become fashionable among the weaker sex. He can seek to persuade male smokers to adopt the cigar habit, and to like one brand better than another; but he cannot afford million-dollar appropriations for advertising.

Machine-Made Cigars

HOW MACHINERY supplanted the hand worker is a story by itself, a notable chapter in the history of union opposition to the inevitable. First came the mold, for shaping bunches of filler, shortly after the Civil War. Fifteen years later came the suction-table, a device for cutting wrappers and rolling cigars. It was the invention of a young German immigrant then working in a New York cigar factory who later became world famous as an operatic impresario, Oscar Hammerstein. By this device the novice might quickly become as skilful and as economical as the craftsman, and more rapid. After twenty more years there came a filler-bunching machine, and finally (fifteen years ago) a machine which turns out a complete cigar.

Union labor fought each step. But its only weapon is the granting or withholding of the union label; and cigars are smoked by those who rarely look for a union



label on the box, or care little if its absence is pointed out. When the organized cigar-makers of Boston fought against the introduction of machinery, one large employer moved his factory to New Jersey and hired virtually unskilled labor. In 1910 there were 51,000 union members; in 1927, a year of bitter controversy over policy, there were only 15,000. A fair guess would place the total at less than 10,000 now. Cigar-making has become a leading occupation for women, by grace of machinery and their own cleverness with the hands.

A classic picture of employee's warfare, or of factory efficiency, is that of the cigar-makers of Havana who smoke constantly the expensive cigars which they make and work only with the accompaniment of a professional reader of the daily news and romantic tales. Their union was so strong that it resisted a wage cut in the midst of depression, with the result that the famous La Corona brand a year ago moved from Havana to Trenton, bag, bale, and baggage. The manufacturers will tell you that La Corona is just as good as ever, because the tobacco (which after all is the important thing) is grown, cured, and blended in Cuba as before; that the cigar is even better, because skilful operators have been taught to roll a uniform product while each Cuban artisan made a cigar to suit his own taste, which itself might vary from day to day.

Labor in Trenton, enjoying fully as high a weekly wage as the unionized labor in Havana, nevertheless provides greater economy in the cost of production per thousand cigars; because it is willing to systemize its work, which the Havana union labor will not do. The economy in import duty, production cost, and also a marked

MODERN methods and cleanliness characterize the cigar industry today. Above are girls in the ultra modern rolling plant of Henry Clay and Bock & Co., Ltd., at Trenton, N. J. In the circle inset are pictured the capable hands of an old cigarmaker.

economy in distributing costs, have permitted a retail price reduction of approximately 50 per cent on these cigars. The tariff on cigars is \$4.50 a pound plus 25 per cent ad valorem. On filler tobacco it is 35 to 50 cents; on wrapper tobacco, \$2.27½.

These lower costs made possible a lower selling price, which in turn lowered the internal revenue tax. A 60-cent Corona Corona made in Havana paid nearly 13 cents in duty and taxes to Uncle Sam. Its 35-cent counterpart, using the same materials, pays 3½ cents. Is it worth 25 cents to have your cigar rolled in Havana rather than in Trenton?

A favorite subject for high-brow and low-brow debate is whether this country suffers from over-production or from under-consumption. Why pay farmers to let wheat and cotton acreage lie idle while millions of our people lack proper food and clothing? Rather should we make it possible for folks to consume all that the farmer can produce. The tobacco planter surely would offer no objection to such a Utopia.

Tobacco is grown in the United States from Massachusetts to Florida, and as far west as Minnesota and Louisiana. Most cigarette tobacco comes from North Carolina and Kentucky, placing those two states far in the lead. South Carolina, Virginia, Georgia,

LEAF TOBACCO CONSUMED IN MANUFACTURE (Millions of Pounds)

Year	Total	Cigars	Cigarettes	Pipe Tobacco Etc.
1901-05	451.4	124.4	12.4	314.6
1906-10	524.1	139.2	22.0	362.9
1911-15	578.2	151.8	52.2	374.1
1916-20	650.4	155.3	130.3	364.8
1921-25	672.0	151.4	198.0	322.5
1926-30	762.5	149.2	312.5	300.7
1929	796.6	152.1	310.1	293.1
1930	779.8	137.9	347.9	293.9
1931	752.4	127.6	329.9	294.8
1932	674.8	106.0	291.9	276.9



Photographs from Ewing Galloway

MODERN curing barns on a Southwich, Mass., tobacco farm and a crop of long leaf cigar tobacco.

FLORIDA grows wrapper tobaccos successfully. The height of certain varieties is apparent in the picture at the left. This tobacco is grown under cheesecloth shade protection.

and Maryland also are important producers of cigarette types. Most pipe and chewing tobacco comes from Kentucky and Virginia. Among cigar types, Pennsylvania and Ohio lead for filler, Wisconsin and Connecticut for binder, and Connecticut and Florida for wrapper.

Whether over-production is a cause, or an effect of depression may long remain a subject for statistical research and debate, with the tobacco farmer offering a choice field for study. He planted nearly 2 million acres in 1929, and slightly more than 2 million in 1930 and 1931. Meanwhile the shrinkage in the American pocketbook brought consumption of cigars down in these same two years from 6.5 million to 5.3 million (with a further drop to 4.4 million in 1932). Prices for cigar tobacco fell to record low levels.

In 1932 came the first attempt to raise a short crop, with acreage reduced from the 2 million average to 1.4 million. In 1933 came the Agricultural Adjustment Act, which included tobacco—especially because of the plight of cigar types—among the seven basic farm commodities to be helped by the New Dealers. The Secretary of Agriculture stated last November that if no cigar tobacco at all were grown for two full years there

would not be a shortage except perhaps in a very few grades.

The A. A. A. program provided for reducing acreage planted to filler and binder types to approximately half that grown in 1932, the reduction to continue for 1933, 1934, and 1935. Wrapper types were somewhat less harshly dealt with, the method used last year in Florida and Georgia being to leave unharvested the four top-stalk leaves (one-fifth of the average plant). A processing tax of 3 cents a pound, on cigar leaf taken from storage, creates a fund with which to reward the farmer

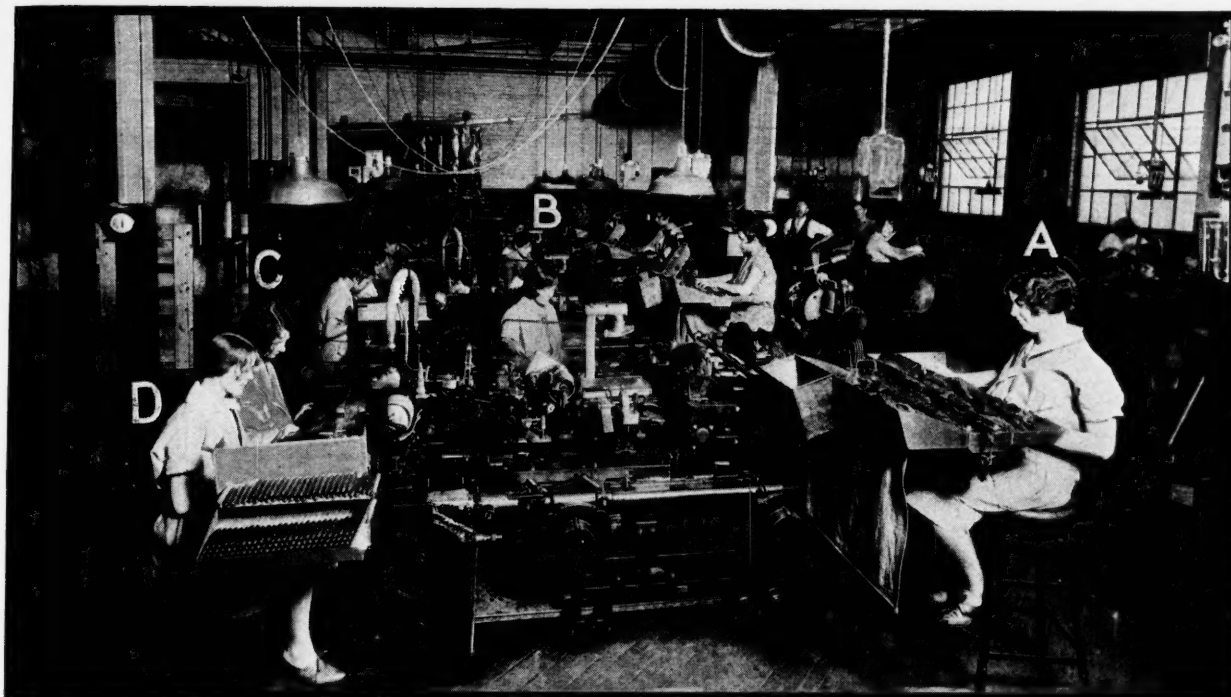
who cuts down his planting. The trials of a farm adjuster are well illustrated by the result in tobacco: Production in 1932, all types, 1 billion pounds; in 1933, 1.4 billion. One division of the Government implores—and pays—the farmer to leave tobacco acres idle. Another division, after experimentation, reports to him that "by close spacing of the plants in a row [18 inches apart instead of 36] a heavier application of fertilizer produces a larger yield per acre."

The A. A. A. estimates that farm income from tobacco grown in the United States during the 1933-34 marketing year will approximate 214 million dollars, or double that of the previous season. The total includes 28 million dollars for idle acres or plants not harvested.

Where Cigars Are Made

PENNSYLVANIA is far in the lead as the Cigar State, with neighboring New Jersey, New York, and Ohio standing second, fourth, and fifth. Those four states produce more than 3 billion cigars in a normal year. Florida ranks third. New Jersey moved from fifth place in 1925 to third in 1926 and has been second since 1927.

In spite of the fact that cigars have come under the



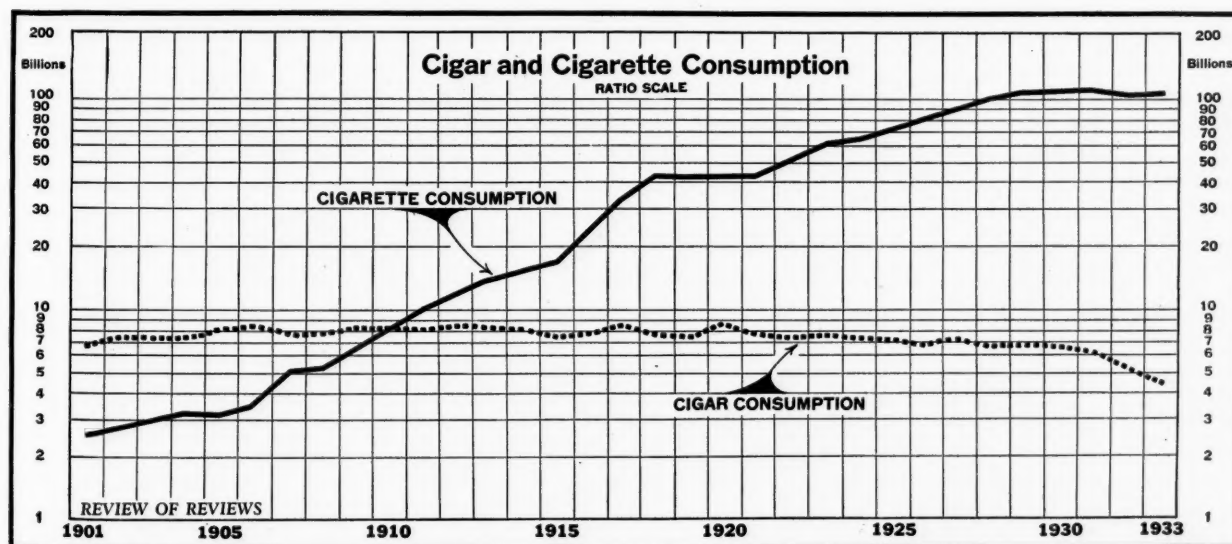
MACHINERY has reduced the price but not the quality of "White Owl" cigars in the factory pictured above of the General Cigar Co., Inc. A full machine crew consists of four girls: (A) a filler feeder (B) a binder layer (C) a wrapper layer, and (D) an examiner.

influence of mass production, with seven or eight brands each likely to sell more than 100 million in a normal year, the making of cigars is an industry where the small manufacturer still survives. A familiar sight in some cities is the one-man factory occupying the window space of a retail cigar store. Six thousand cigar factories dot the land, though only a hundred cigarette establishments are required to use up three times as much tobacco.

But mortality among cigar manufacturers is high. On January 1, 1926, there were 1898 cigar factories in New York state. Seven years later there were only 1173. In Pennsylvania the shrinkage was from 1251 down to 604; in Ohio, from 538 to 369; and so on. The total number of cigar factories dropped from 8533 in

1926 to 5787 in 1933—an average of 400 quitting the business every year.

Half of the nation's cigars are made in 25 or 30 factories, the number changing from year to year according to general and individual prosperity. Among these are perhaps a half-dozen who welcome the partnership of investors through their listing of shares on the New York Stock Exchange. Thus there is the American Cigar Company, which absorbed Henry Clay and Bock & Co., and is now in turn almost wholly owned by the American Tobacco Company. American Cigar offers to the public Cremo and Roi-Tan at 5 cents, Chancellor at 10 cents, and La Corona at 15 to 35 cents. Albert H. Gregg is its president, in association with George W. Hill, (Continued on page 55)



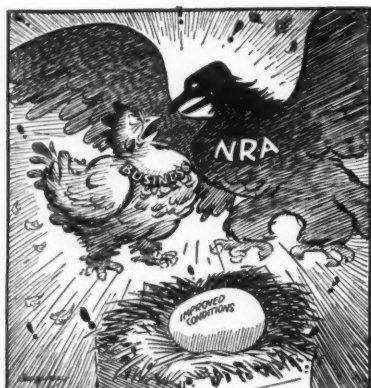
THIS CHART portrays the enormous growth in the consumption of cigarettes during recent years. Plotted on a logarithmic or ratio scale, it is designed to show rate of growth or percentage changes in growth. Cigar production on the other hand, while fairly constant, has been left far behind in the race for consumer acceptance. How much of the widening gap has been due to cigarette advertising?

◦ ◦ highlights in American satire ◦ ◦



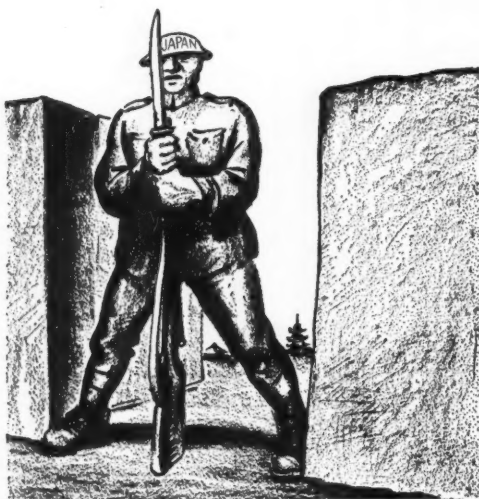
By Duffy, in the Baltimore Sun

"COME, COME—WAKE UP, THE BATTLE'S ON!"



By Herbblock, for the NEA Service, Inc. ©

SEEMS TO BE A DISPUTE ABOUT SOMETHING



By Fitzpatrick, in the St. Louis Post-Dispatch

THE CHINESE OPEN DOOR



By Carlisle, in the Des Moines Register

FROM ONE EXTREME TO THE OTHER!



By Doyle, in the New York Post

"LET ME TELL YOU ABOUT MY OPERATION—"

REVIEW OF REVIEWS and WORLD'S WORK

Looking Abroad with Secretary Hull

By ALBERT SHAW

Education Survives Depression

LAST MONTH our opening editorial, in its review of current affairs, was addressed especially to younger voters. It was, of course, intended equally for their fathers and mothers, and for citizens in general. But we had in mind the impressive fact that hundreds of thousands of young men and young women were completing their courses of instruction in our institutions of learning. They were facing, as individuals, their personal decisions regarding occupation and means of livelihood. They were discovering, in countless numbers, that their private affairs are involved in complications closely related to public conditions and policies.

In the schools and colleges more attention has been given during the past year than ever before in the United States to the problems of organized life under present social conditions. We have spent hundreds of millions in creating our institutions for higher instruction. Among surviving assets, reminding us of a recent period when financial prosperity was buoyant and reassuring, are these highly developed seats of study and research.

There are wide differences of opinion among sincere and intelligent people about the extent to which we should seek to bring those resources that we call "wealth" under public control for the common good. But there is general agreement about the value of investments made for the extension of knowledge, and for the transmission of our heritage of culture—using that word as including all that pertains to our progress in the application of science, art and philosophy to human welfare. Our universities, colleges, high schools, and various institutions for professional and special kinds of training have not failed us in these years of business depression and social upheaval.

There are men and women in no small number who have, since the opening of the present century, built libraries, laboratories, dormitories, or other adjuncts of these permanent centers for study and training, but whose financial resources today are so limited that they are wholly unable to make further gifts for such purposes. But the funds or buildings they once gave will help, for a long time, to prepare young Americans to meet in a useful way their personal problems and their civic duties. These social assets are better discerned and appreciated, in their enduring quality, when private fortunes prove less stable.

It is an interesting fact that boards of trustees, in spite of the decline of security values, the failure of banks, and the widespread foreclosure of real-estate mortgages, have managed exceptionally well to protect educational endowments from a high percentage of permanent loss. Every one of our states has contributed from public revenues to supply notable educational facilities, with a breadth of policy and with a rapidity in the achievement of mature results that have astonished an observing world.

What Future for the Graduate?

SOME CYNICS may say that all this glory of campus architecture, this army of scholarly and disinterested teachers, this lavish supply of paraphernalia for the satisfaction of student life, might as well be nonexistent in so far as it concerns the hapless graduate, who is now groping about and sadly failing to find a lucrative job in our land of material abundance. Is the graduate, then, to be considered merely as one more human unit among the eight million who, at this time, are waiting—some of them twiddling their thumbs in helpless fashion—for somebody to fit them into the scheme of regular employment?

It is not worth while to make an extended reply to that question. Everyone well enough knows that young men and young women of good health, right qualities of character, and training such as schools and colleges give in the use of mental faculties, will find some place in which to make a living, and to cooperate with their neighbors in a country that is more pleasant to live in than almost any other, and that has by no means lost its promise of a noble and fortunate epoch not far removed.

A large percentage of this year's graduates have worked, and partly earned their way through school on one plan or another. They have gained self-reliance, and will not become public charges. Educated young people can be happy without much income. They have been taught that no kind of work is beneath their dignity if it is useful and honest, and if it maintains them in a position of personal independence and solvency. We are of the opinion that the great majority of healthy men now on the unemployed list, if they are not beyond middle age, ought after a brief period of emergency help, even in these times, to find ways to support themselves and their families without

further dependence upon charity or public relief. We have not much sympathy for a certain class of young men who prefer to stay in overcrowded communities and to rely upon trade-union leaders to force industrial employers to give work to more men than they need, at higher wages than business conditions justify.

But we are not, in these immediate paragraphs, dealing chiefly with this question of wages and employment. We would merely remark that the new army of young graduates should expect hard work, should not even hope for soft and easy jobs, and should find great compensation in rational means of enjoyment available for all who know how to use their minds.

The Day of Isolation Is Over

OUR SPECIAL MESSAGE for such capable and open-minded citizens, in this number of the

REVIEW OF REVIEWS, is contributed by Dr. Nicholas Murray Butler. What is the advantage in finding a job, or in making sacrifices to fit oneself for the higher levels of professional activity, if the world is about to enter upon the final and conclusive war? Such a struggle as some men predict would destroy modern civilization, if all nations, including our own, were to be drawn helplessly into the mad and furious vortex of wholesale murder and devastation.

When we preach the gospel of self-help we are not blinding ourselves to the larger facts that make the twentieth century different in its opening decades from the Jacksonian period of the United States a hundred years ago. There was high intelligence in thousands of log cabins beyond the Alleghanies, and in the shacks and sod huts of a prairie frontier still farther west. And there is still plenty of room in our vast domain for the return of several million families from town life to close contact with mother nature on the primitive basis of pioneer life.

This would be much better than mendicancy, or the bread-line or permanent registration on the public relief rolls. But the pioneer struggle was one of isolation, in its self-help and rugged individualism. It does not suit our new times. Instead of ten million or twenty million people in the United States we will soon have a hundred and fifty millions. Isolation will remain for only a small percentage of families. Most people must live near enough together to necessitate careful planning for the common good, if they

are not to sink into a state of impoverishment and demoralization.

If this is true of the smaller community, it is hardly less true of the state and the nation. Dr. Butler, with clear vision and wide knowledge, sees the world as made up of communities and nations no longer isolated but now partners in the realized values of this advanced century. They cannot be detached from one another, whether in prosperity or in adversity. One does not need to apply such a generalization to the last detail in order to support its soundness. It is amazingly true that economic troubles at the present time are international in origin, and that far more than a thousand million individuals are affected adversely in their daily lives by conditions that they themselves cannot remedy, and that lie beyond the control of their churches, their local authorities, or their larger governmental units.

Adjusting World Problems

AS DR. BUTLER SHOWS, when governments and peoples are in difficult situations, and imagine that there is something to be had which would bring relief, they begin to talk of war as a means by which to achieve some desirable object, or to divert attention from some economic or political situation with which they cannot deal. All of our present troubles—or most of them—can be traced to the exhaustion of material resources in the Great War, and the breaking down of public and private standards of good faith, honor, and friendliness which are the safeguards of peace and prosperity whether in the domestic circle or across the boundaries that divide nations.

Our Government has been struggling to adjust the difficult questions of currency and credit with only limited success because, as Dr. Butler shows, commercial transactions are measured by world standards; and there can be little success in treating debts as if the domestic kind were different in character from the international ones. "At a time," says Dr. Butler, "when men are everywhere seeking to sell the products of their labor, of their agriculture, and of their industry, they find that their governments, largely at the behest of selfish interests or through sheer stupidity, have erected barriers to trade which make it impossible for them, on the one hand, to secure employment, or on the other, if and when employed, to sell the product of their labor with advantage." It is an aroused public opinion alone, in Dr. Butler's opinion, that can deal with the bad conditions created by these extreme barriers against the reasonable exchange of products throughout the civilized world.

These remarks are especially pertinent because we are about to enter upon a radical change of method in our policies of world trade. This change itself could not have been made except by those forces of public opinion to which Dr. Butler

makes appeal. We refer to the measure taking shape in this session of Congress, in response to appeals from the President and members of the Cabinet, conferring wide powers upon the Executive to negotiate reciprocal tariff agreements and to give them effect at once. Congress was undoubtedly reluctant to give up its prerogative, even for emergency purposes, of changing tariffs by that bargaining process among different industries and different sections of the country that is known as "log-rolling". But such a process is slow, uncertain, absurd in many of its results, and excessively damaging in the angry apprehension that it arouses among people in foreign countries who have built up an American trade.

Methods of Tariff Making

IT TOOK ABOUT fifteen months to complete the Hawley-Smoot tariff, from its beginnings in the work of the Ways and Means Committee to the ending of the last tussle in the conference between the two houses. Nothing did such harm to the Hoover administration—European financial collapse alone excepted—as this exasperating succession of domestic and foreign controversies over changes which might be made in particular tariff items.

Various reprisals were actually put into effect against American imports by foreign governments on the strength of rumors that certain tariff changes were pending at Washington (even though never actually adopted), so that we were extensively penalized in our trade relations for the supposed offenses contained in the Hawley-Smoot tariff long before that measure was adopted and put into effect. It was the method of revision, rather than the tariff in its various changes, that was so abominable and so damaging. In point of fact, our restrictions upon trade as prescribed in the existing tariff are not as severe as those of many other countries. But our manner of tariff making has given us a bad reputation. When imports and exports, in a given line of trade, become adjusted to the revenue laws and regulations of particular countries, the producers and dealers accept those conditions, just as they accept other fixed relationships such as those of time, distance, and weather.

It is the opinion of the present administration that we must do what we can to restore the flow of international commerce. Since nearly every other country in the world is making special trade treaties, dealing with one country at a time, it is held by Mr. Roosevelt and his advisers that our lack of ability to meet other countries with their own trade weapons places us at a serious disadvantage.

Much more depends upon the spirit in which the new method is undertaken than might be supposed by those who are not close students or observers. There was some Republican opposition, but it did not express itself in a representative or

convincing way. Hon. Henry L. Stimson, Secretary of State in the Hoover cabinet, strongly favored the proposed granting of emergency tariff powers to the President, in a radio address at the end of April; and early in May the Senate Finance Committee reported the measure favorably. It had been made clear that there was no purpose on the part of the Administration to make tariff changes merely in theoretical hostility to the principles of protection. It was agreed that hearings would be granted where industries desired to present their views.

This change of method, therefore, ought not to be dragged into violent partisan discussion during the approaching Congressional campaign. We do not suggest that candidates who disapprove of tariff changes by Executive order after negotiation of reciprocity treaties should be invited to suppress their honest opinions. Rather, we are urging them not to fall too easily into the old line of tariff argument, with the Republican party as champion of American industry and high wage levels, and the Democratic party hostile to American standards and intent upon breaking down the barriers against what used to be called the "pauper labor of Europe", and what is now also stigmatized as the underpaid labor of women and children in the new factories of Japan, China, and India.

Reviving Foreign Trade

IF WE WERE ASKED to point out the most convincing and statesmanlike utterances of the Administration on this question of foreign trade, we should not hesitate to refer to several addresses by Hon. Cordell Hull, Secretary of State. Mr. Hull has been a careful student of tariffs and foreign trade through many years, and his strong preference for greater freedom, and more liberal intercourse among the nations, has never been disguised. He would proceed calmly and carefully, with unshaken confidence in the desirability of reopening the channels of world commerce. We have in our hands as these comments are written two addresses on this subject of foreign trade, delivered by Mr. Hull as a part of the discussion of the reciprocity measure.

Early in March Mr. Hull made a prepared statement before the Ways and Means Committee of the House of Representatives. Late in April he dealt with the same subject when the Senate Finance Committee opened its hearings. On the 23rd of April he made an address before the members of the Associated Press, at their annual meeting in New York City. This latter discourse dealt on broad lines with administration policies, and was entitled "The Path to Recovery". Its expressions were those of a well-balanced mind, with a large outlook upon affairs at home and abroad. "It becomes all important," said Mr. Hull in this address, "as this nation emerges from panic conditions to com-

bine with the permanent parts of the present domestic economic program a program of international economic co-operation, based on a more liberal commercial policy, and steadily increasing, mutually profitable, trade with other nations."

In his statement before the Ways and Means Committee (a document containing many cogent arguments and much summarized information) Mr. Hull made the following statistical resume: "During recent years most of the nations of the world have suffered much from a collapse of domestic and international economic structures. The exports of the United States have gone from \$448,000,000 in January, 1929, to \$120,589,000 in January, 1933, and to \$172,000,000 in January, 1934. Our imports have gone from \$368,000,000 in January, 1929, to \$96,000,000 in January, 1933. The total exports of the United States fell from \$5,157,000,000 in 1929, to \$1,149,000,000 in 1933; while the imports fell from \$4,339,000,000 in 1929, to \$1,122,000,000 in 1933. The trade of the world measured by total imports, fell from \$35,606,000,000 in 1929, to \$11,937,000,000 in 1933.

"According to reliable estimates, if world trade had gone forward with the annual ratio of gain existing before the war, the nations during the intervening years would have had some \$275,000,000,000 more than they have actually enjoyed. And according to these estimates, if world trade had thus progressed there would be today an annual international commerce of near \$50,000,000,000, instead of the pitiable figures of less than \$12,000,000,000 for 1933.

"International trade has steadily grown less each year since 1929. The reduction of international trade in the amount of \$40,000,000,000 means the reduction of world production by \$40,000,000,000 and this means a reduction in consumption of a like amount, and this means correspondingly lower standards of living.

"The theory that to shut out international trade results in an increase of the sum total of domestic trade is dispelled by all the facts and figures.

"In our domestic business situation, the business index fell from 112.9 in 1929 to 63 in 1933, while our domestic or national income produced, fell from \$83,037,000,000 in 1929, to \$38,349,000,000 in 1933. Instead of increasing as our foreign trade decreased, our domestic trade decreased at a similar huge rate."

Power For the Executive

THE SECRETARY OF STATE proceeds in this presentation to show how other countries have conferred upon their executives the power to deal quickly and directly with the making of foreign trade agreements. He is of opinion that we cannot achieve much success in recovering international trade without a similar

authority reposed in our own Executive department. He gives assurance that after the emergency has been met, and we have had some success in overcoming panic disasters, it will be both suitable and desirable to check up upon our methods and experiences.

The nature of the crisis is expressed by Mr. Hull in the following paragraph: "There are in the world today thirty million wage earners accustomed to employment who are unemployed. Near 80 per cent of the world's population of two billion persons are today living below the poverty line. Some enterprising nation or nations will and must produce and export the many different commodities necessary to supply these people thus in need. This, like past similar undertakings, is not without its difficulties and delays. It will challenge the initiative, energy, resolution and pioneering spirit of every highly industrialized country like ours."

The full proof of the value of the change in tariff methods must come with the experience of actual bargaining. The Tariff Commission has been accumulating a vast body of information upon foreign trade restrictions and methods, and this capable body at Washington will doubtless have an important part in the undertakings upon which we are about to enter. The Commission as recently as May 10 gave information upon conditions of tariff control in fifty different nations, only two of which (China and Denmark) are listed as retaining in their legislative bodies the principal control of tariff changes.

Trade with Canada

It is, in our editorial opinion, an urgently important thing that we should be willing to go far in offering generous trade inducements to Canada. The wheat problem is an international one, and the production of surplus wheat crops in our own Southwest and Northwest is not permanent agriculture, but is merely speculative exploitation of virgin soil, with disastrous reaction upon the genuine farming interests of the United States. To have broken down a great volume of desirable trade between Canada and the United States, because of the rivalry between two sets of wheat speculators, has been the disastrous result of a policy adopted at the behest of lobby interests professing the exclusive right to speak for American farmers.

In the year 1930, Canada imported from the United States goods for consumption to the total value of \$847,442,000. This figure had shrunk in 1931 to \$584,407,000; in 1932 to \$327,631,000; in 1933 to \$203,387,000. This does not represent a very great loss in proportion to Canada's total imports. But there is a decided drift away from trade between these two contiguous countries. This commercial separation is not fortu-

nate for either of them, looking to the future. In three years, imports from the United States have been reduced from 68 per cent of Canada's total to a little over 57 per cent. Whereas 46 per cent of Canada's exports came to the United States as recently as 1930, only 30 per cent came in 1933. Taking advantage of the Ottawa preference agreements, Canada's exports to Great Britain have increased in three years from 25 per cent to 40 per cent of her total external trade.

While we are losing sales to Canada, year by year, the British manufacturers are increasing their Canadian sales. This tendency is abnormal, and is wholly due to tariff discrimination. It should be met by generous offers and skillful negotiations. We must buy a great deal more from Canada, in order to restore our former percentage of sales in return. The American agitators for high tariffs to protect our farm prices have not understood this trade problem. To build up our industries by resuming our former volume of exports to Canada, Cuba, and other neighbors, is to increase the consumption of farm products here at home. Under-consumption in the United States is the chief difficulty that concerns our agriculture.

Within a few years our exports to Great Britain (our largest customer) have fallen off more than two-thirds, and our imports from that country have diminished by three-fourths. British trade with us had long been balanced by virtue of the enterprise of the British merchant marine, which conducts a triangular trade, bringing products here from South America, Asia and the isles of the sea, in exchange for the American goods that go to Great Britain. We should not have allowed this trade to shrivel away so lamentably.

It will be extremely interesting to follow the efforts of our State Department, with the coöperation of the Departments of Commerce and of the Treasury, and with the advice and assistance of trade experts, in the endeavor to rebuild the many dilapidated structures of our foreign commerce. In so far as it is successful, it will be a helpful process, reacting favorably upon international monetary and financial policies, upon travel for pleasure and business, and upon intercourse of all kinds.

Japan's Best Customer

WHILE IT IS more important for us to develop our Western Hemisphere trade, we can well afford to consider all possible outlets for our goods in Europe and Asia. Our trade across the Pacific continues to be large; and its shrinkage has been less, relatively, than that of our trade with some of the leading European nations. We should continue to be Japan's best customer by a long lead over any other country. About one-third of Japan's imports come from the United States, and

we buy almost one-third of Japan's exports. Japan buys many things from us, but cotton counts for much more than everything else put together. In return, we buy raw silk, in even greater value than the cotton we send in exchange.

Next to the United States, Japan's best customers in recent years have been China and India. But in 1932 (a year of shrunken trade values) we sold China nearly \$92,000,000 worth of goods, and bought from China more than \$41,000,000 worth; while Japan sold China a little less than \$40,000,000 worth, and bought from China not quite \$29,000,000 worth.

When, therefore, in April, through a spokesman for the Cabinet, Japan announced to the world that Chinese relationships to other countries must henceforth have the supervision and approval of Japan, it was reasonable enough that our government should call attention to those rights of equality in trade and intercourse with China that are specifically guaranteed by the so-called Nine-Power Treaty, which Japan had also signed.

The Japanese position is difficult, because the pressure of a fast-growing population upon the limited resources of agricultural land requires large imports of food and raw materials, which have to be paid for in return by means of industrial exports. Japan, like England, is an overpopulated island kingdom which must import food and export manufactured products. With the growing use in the United States of rayon, and other fibers in the textile industries, Japan may some day find that her market for raw silk in America, though still large, is tending to diminish rather than to increase. She must push her wares wherever she can, following the example that Great Britain long ago presented to the commercial world. Obviously, China is the country that now seems most available for the growth of Japanese textile markets, and India stands next.

Trade Wars Are Futile

IT IS QUITE too soon to make comments of a conclusive kind upon the declaration of a trade war against Japan by the British government. The immense populations of India and China are so poor that they must expend as little as possible for the necessities of life. They have been buying Japanese cotton goods in somewhat increasing quantities because Manchester has not been able to meet Japanese prices for certain kinds or qualities. Britain's colonial trade policies cannot be as ruthless now as they were in former times. The people of India are sensitive on these questions, and if too greatly irritated they may choose to boycott Manchester again, as they did several years ago, and emphatically to patronize Japan.

Trade wars are exasperating, and they are likely to prove futile. We have fre-

quently remarked that foreign trade is subject to all kinds of competition that make it precarious and adventurous, although its advantages in ways direct and indirect are so important that it would show sheer ignorance or prejudice to disparage them. As regards their economic life, the nations are so constituted today that they must trade with one another or perish.

Some of them, indeed, have been too dependent upon distant markets, and have adopted the policy of a better balanced domestic production, regardless of the expense involved. Certain countries like Canada, Australia, Argentina, Brazil, Russia, are building up manufactures, because of the difficulty they encounter in finding markets for their surplus farm products and raw materials. Others, on the contrary, like Great Britain, France, Germany, Italy, Czechoslovakia, and the lands around the Baltic and the North Sea, are intensifying their agriculture in order to be less dependent for food upon distant lands. These policies are not to be judged by abstract theory on the one hand, nor by commercial statistics on the other. In every case they must stand or fall by the test of experience, in view of the strength and consistency of the public opinion that drives each nation along the path of its destiny.

China Is Building Highways

THE THING most to guard against is a kind of greedy and fierce rivalry among nations that ignores the lessons of history. China and Japan have thousands of years yet ahead of them. The Chinese temperament is one of patience and passivity. This is disturbed just now by exceptional restlessness, due to foreign influences that have begun to affect the people as a whole. Probably the most important thing now going on in China is the construction of many thousands of miles of hard-surfaced roads, upon which American omnibuses, motor trucks, and small passenger cars should be moving in greatly increased numbers within the next five years. If the United States and Japan could find a way to promote this road-building and other forms of modernization, they would steadily increase their profitable commerce with China with benefits to everybody concerned.

But, while sensible people in all countries hate war, and cherish no deep-seated animosities, we are informed every day that the outbreak of hostilities is inevitable; and that we also must be fighting somewhere or other, in Europe, Asia, or Africa—although nobody knows quite where, and nobody knows why.

We have read the sapient disquisitions of certain writers, whose logic proceeds along the following syllogistic line: The American people have two cherished principles of foreign policy, namely, the Monroe Doctrine and the Open Door in China. But somebody will violate one

or the other of these principles in the immediate future. Then, of course, we will have to go to war, although nobody in the United States except fanatics, scoundrels and lunatics would welcome such a decision.

The answer to all this is quite clear and simple. First, we have outgrown all such doctrines and policies, in so far as they carry warlike implications. Second, nobody intends to injure us, in our sentiments or in our business interests, as regards either of those two doctrines, or any other doctrines whatsoever.

No Reason to Fight Our Friends

EUROPEAN WRITERS are determined that we must have a war with Japan, and are trying to foment misunderstanding and ill-will in both countries. But in point of fact we have less grievance against Japan than against any other important country in the world. Private people have good will, and are on friendly terms with other private people, in all countries. There is no such analogous thing as friendship between governments; but there are degrees of confidence and coöperation. These are largely due to circumstances. Canada should be our closest associate, not only in private relations, but also in governmental. But the Canadian politicians are injuring the future of their own people by being cajoled and propagandized into playing the British Empire game, while we at Washington, in a narrow chauvinistic spirit, have been setting up barriers against Canadian poultry yards, apple orchards, forest products, wheat fields, and livestock.

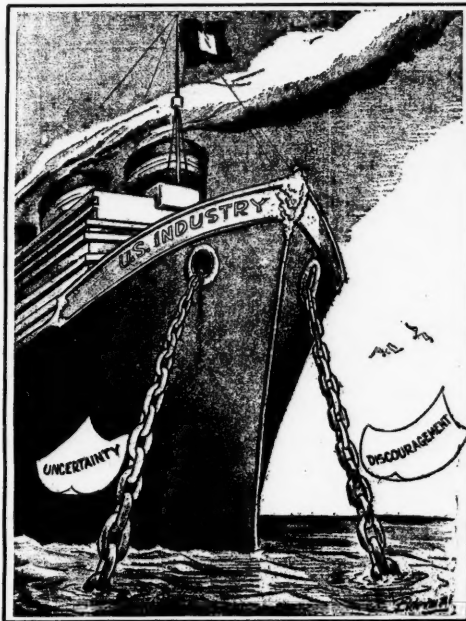
Forgetting Canada, Mexico, and Cuba for a moment (although these should be our most loyal and devoted associates), it is Japan, above all other nations, that is so placed as to be our most friendly and reliable comrade in the family of national entities. President Roosevelt has done nothing more commendable than to move the entire American fleet from the Pacific Ocean, through the Panama Canal, to maneuvers in Atlantic waters. No other answer would have been more conclusive, as regards the war agitation and our Far Eastern policies.

We have neglected our fleet, and ought to build it up to the full limit of treaty strength. If treaties are not renewed, we should make our fleet decidedly larger and stronger than those of Great Britain and Japan. If we conduct ourselves wisely, we shall be in no more danger of a naval war with either the British or the Japanese than of a major land war with Canada or Mexico. The object of the American navy is to help keep the world at peace, during what we hope may be a temporary period. When the world comes to its senses it will give up its excessive armaments on land, and it will unite in a plan to police the seas. Meanwhile, the United States can keep out of wars, if wise policies prevail.



By Carlisle, in the New York Herald Tribune ©

"A ROSE BY ANY OTHER NAME——"



By Elderman, in the Washington Post

ANCHORS AWEIGH



By Burck, in the New York Daily Worker

SAUCE FOR THE GOOSE IS SAUCE FOR THE GANDER!



By Brown, in the New York Herald Tribune ©

THE NATURAL HISTORY PROBLEM



By Fitzpatrick, in the St. Louis Post-Dispatch

RUGGED INDIVIDUALISM: "THANKS FOR THE RESCUE!"



McLaughlin Aerial Surveys

AN ALTERNATIVE for slum sections. One low-rental housing project in New York City proposes to utilize this land in Queens Borough for homes for 77,500 persons. Note the nearness of Manhattan's uptown skyscrapers, across the East River.

The High Cost of Slums

FIRE AND health and police departments all are able to bear witness to the luxury of slum ownership in any city. But a depression era has some advantages.

CIRCUMSTANCES both fortunate and calamitous combined early this year to give marked impetus to the movement for slum clearance in New York City. First there was the advent of a reform administration, a new broom in City Hall. At the other extreme was a series of fatal tenement fires—five within a month, with forty-four deaths.

There was some assurance that money could be borrowed from the federal government, as part of its recovery effort, for new housing projects. But these developments were more immediately practicable if located in Bronx or Queens boroughs, rather than in older Manhattan; so that the problem of slum clearance is really quite distinct.

As a first step a hasty inventory showed that many of the worst tenements had very respectable owners. The city itself, for example, owned some; and the

proper authorities, aroused, began at once the thankless task of dispossessing families who had never known that they were living in slums.

Columbia University discovered that it owned four vacant tenements in the congested East Side, and gave permission to the Tenement House Commissioner to demolish them with the aid of CWA workers. Trinity Church, one of the largest owners of New York City real estate, finds some dwellings in its possession that may not pass muster—although Trinity has been most fortunate in possessing property, once residential, that lay quite profitably in the path of financial and commercial progress.

Private owners, too, there were—of the third and fourth generation in the city's landed aristocracy—who suddenly became conscious of the fact that their inheritance included multi-family dwell-

ings so old that they were conspicuous examples of insanitary firetraps. Vincent Astor offered two whole blocks on the East Side to the city authorities, for the assessed value of the land alone, with the idea that the city would raze the buildings and possibly create a small park. Other owners caught the fever, the Stuyvesant and Fish estates and those with names less firmly established in the real estate archives of the metropolis.

Thus the idea of slum clearance is in vogue in old Manhattan. In earlier years these antiquated tenements, substantially built of brick and stone, were destroyed only when swallowed in the maw of commercial expansion or when they became sacrificial offerings to the great god Transportation—in the making of bridge approaches, for example, and wider traffic arteries.

Scores of these five and six-story tenements are being razed, in this present spasm of activity, merely to avoid the temptation to rent them; possibly also to reduce the owners' tax bills.

THERE ARE projects under way for model housing developments—apartments, of course—on some of these sites. Conspicuous examples of the prosperous era are London Terrace on the West Side and Tudor City on the East Side, both in midtown. But these are for the moderately well-to-do.

Land in the slums for some reason is far more valuable even for residence purposes than land two or three miles away, in spite of rapid transit; so that the promoters of moderate-priced housing developments look increasingly to Queens, largest of the five boroughs and least developed with the exception of isolated Richmond. Outlying sections of the Bronx are also under examination.

This movement of population away from Manhattan is not new. In the last fifteen years those who live in Manhattan have shrunk in numbers from 2.2 million to 1.7. Brooklyn meanwhile has taken first place, growing from 1.9 million to 2.7 million. The Bronx has expanded from 2/3 of a million to 1½, and Queens from less than ½ million to 1¼. These three boroughs last named—Brooklyn, the Bronx, and Queens—are the main bedrooms in Father Knickerbocker's suite.

Five hundred thousand persons have moved away from Manhattan in fifteen years. Such a vast shifting of population, without the urge of plague or armed invasion, or the vision of a pot of gold at the end of a rainbow, qualifies for special note even in this era of extraordinary change.

Those who live in the slums, however, play small part in this peaceful migration. They stick. Even when forced to move somewhere, they move across the street or around the corner. A careful survey by social workers recently disclosed the fact that among the occupants of a so-called lung block, about to give way to model apartments, only 3 out of 886 families actually planned to live in the new development. Most of the others would remain in the neighborhood, in tenements little or no better than those that are vacated.

Restored tenement blocks are more likely to invite those who never before lived in the neighborhood.

AMONG LARGE housing developments planned or under way in New York City, three represent outstanding alternatives. These are: what will be known as Knickerbocker Village, a single block near the heart of old Manhattan; the Hillside project of 108 four-story apartments in the Bronx; and an area of 528 acres in Astoria, mostly vacant lots, near the waterfront of Queens Borough just across the East River from uptown Manhattan.

When forty-four persons lost their lives in tenement fires in New York during March and April, it seemed to draw attention to the firetrap peril. The more indirect toll from lack of air and sunlight is hard to reduce to statistics. Still more indirect, but more capable of proof,



NEW YORK CITY gets under way with its program of demolishing firetraps and insanitary tenements. Not always is there a plan for rebuilding. The idea is first to get rid of the old and then to plan carefully for the new.

is the toll exacted by the slums in the form of crime.

A recent Columbia University study of juvenile delinquency showed that for the city as a whole 6 children out of 1000 between the ages of 5 and 16 inclusive were brought to the Children's Court in a year. But the rate in certain slum areas of Manhattan was as high as 25 per thousand; and in some districts of Brooklyn it was less than 1 per thousand. Any child in suburban Queens Borough has three times as good a chance of staying out of police hands as Manhattan's child has.

Another study, made by law-enforcement officers for the Tenement House Commissioner, indicates that 58 per cent of all crime in the whole of Manhattan is contributed by slum areas. Especially is this true when most of our city criminals are under twenty-five years of age.

A similar survey in Cleveland, made by PWA workers, characterizes the slums as "perhaps the city's most expensive luxury". A typical area housing 2.47 per cent of Cleveland's population required 14.4 per cent of fire-department costs and 6.5 per cent of those of the police department. Its taxes yielded \$225,000; but it cost \$1,357,000 in tax-

payer's money besides \$615,000 that came from charity funds.

Fortunately the very fact of depression, with its trail of more widespread poverty, points a way to slum clearance. The Emergency Housing Corporation may grant federal funds outright for new housing (up to 30 per cent of the cost) and may lend additional sums at interest. Tearing down obsolete dwellings, tenements or otherwise, is a fascinating job for workers on relief rolls. And building costs are reasonably low.

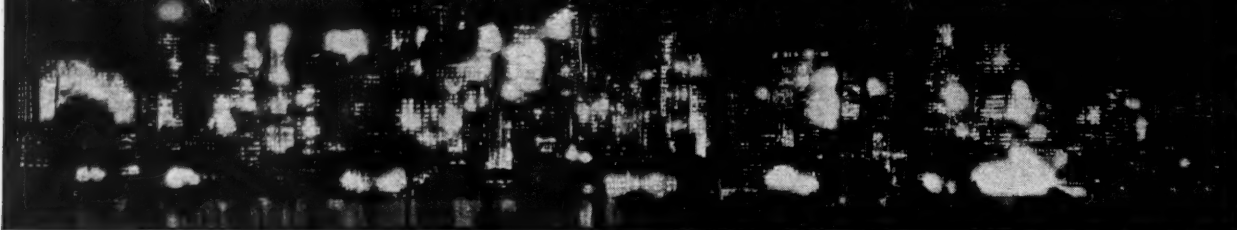
The Regional Plan Association of New York estimates that projects undertaken at the present time, with government loans at low rates, will produce homes that can be rented for \$6 per room while the same type of housing in normal times must rent for \$10 per room.

There is some possibility that this movement for slum clearance will spend its force in the negative sense of demolishing partly vacant tenements; but that in itself is progress.

Many difficulties have presented themselves. Most of these have been overcome. The stage is set for real civic achievement, a memorial to the depression. A dozen cities from Atlantic to Pacific are already on the job.

MANHATTAN OFFERS

By GEORGE BRANDT



Ewing Galloway

Outstanding Plays

Stevedore

Play by Paul Peters and George Sklar. Staged by Michael Blankfort. Presented by The Theater Union.

SEASON after season there have come ardent pleas for an American Theater institution similar to those of the Continent, where plays of real social significance might be witnessed by our citizens of the pigmy-income class. Present-day show prices undoubtedly have created an exclusive society of the few able to buy good seats. These fortunate capitalists largely favor conditions *status quo*. As a result, the theater of protest (with few exceptions) is impotent on this side of the Atlantic. Propaganda may be very dull, but sincere documents of social injustice may also build exciting stage productions. Attempts hitherto to create a *people's* theater have lacked the intellectual fortitude to bring worthy results.

With *Stevedore* (second production of the Theater Union), such a start is evident. Back of the production is a group of young people, politically radical, but also professionally-trained in stage-crafts. This season (their first as a group) they led off with *Peace on Earth*, a revelation of the way capitalist munitions manufacturers instigate wars. Perhaps in this presentation there was too obvious a quaint boxoffice-ward. In the production of *Stevedore*, however, we see an enterprise rapidly coming of age. The play deals with racial struggle in our South. An imaginary rape of a white woman by a Negro stirs up racial hatred; it finally flares into open conflict. The circumstances vastly increase brutal mistreatment of Negroes who have been merely demanding fair recompense for their labor.

The story specifically is that of a New Orleans longshoreman, a rebel among "good niggers" who spinelessly put up with persecution and indignity. This leader stirs up ferment, aligns himself with a white man's union, and in calling for fair play finds himself Enemy Number One of the local police. White searchers break into a negro lunch-room, and subsequent shooting marks the prelude to a battle of races. The play ends with a theatrical street war, when the Negroes fight for their homes against a white gang. In this final stanza *Stevedore* loses some of its conviction, some of its graphic reality of the major portion of the play.

Staged with a neat appreciation of striking effects, *Stevedore* is drawing both the Rolls Royce and the truck trade. Incidentally, the audience itself is not least of the attractions. Communists and Greenwich Villagers turn out in solid ranks. Glitteringly paunchy dowagers provide a bit of chiaroscuro. The capable cast is largely Negro. Players include Rex Ingram, Jack Carter, Edna Thomas, Millicent Green, Jack Hartley, Georgette Harvey, Leigh Whipper, and numerous others.

With but few ineptitudes, *Stevedore* suggests that the Theater Union definitely is a new force to reckon with in the American theater. Unlike the Theater Guild and other groups, this organization professes a non-profit making interest in betterment of conditions for our working classes, and in providing stage-room for picturization of injustices. If such a selfless ideal is sincerely maintained, we may see, before very long, fulfillment of many dreams for a people's theater in America.

Jig Saw

Comedy by Dawn Powell. Presented by the Theater Guild.

PERHAPS the most puzzling question that arises from inspection of this *Jig Saw* is why our eminently dignified Theater Guild produced it. For after all, though it does present Ernest Truex and Spring Byington for the first time to its subscribers, and although the piece has its endearing moments, *Jig Saw* in no way adds distinction to the season. But then perhaps it is asking too much of the organization to polish off yet another dramatic jewel, when it has this year already given us *Ah, Wilderness*, *Mary of Scotland*, and *They Shall Not Die*.

The opus under consideration will be remembered for its picture of the completely relentless tracking-down of a husband by a virginal maiden fresh from boarding-school. With innocence as her major weapon, adolescent Julie (Gertrude Flynn) gets her shrinking prey by the simple but positive expedient of merely moving into his apartment and announcing the wedding-to-be to all the papers. This done, she quietly reveals her action to her intended. He, it so happens, is her mother's latest pick-up, a boy-about-town whose accomplishments rest upon rare articles on sheepdog raising and the like. Feather-brained mamma (Spring Byington), installed in a Central Park South penthouse by her lover of some fifteen years, "Uncle" Del Marsh (Ernest Truex), and

hovering ecstatically on the brink of communion with youth, quite naturally flies into tantrums when her offspring just back from a long sojourn in school returns to horn in on her preserves.

This battle-royal for sex rights provides much of the comedy's amusement. Del Marsh is a most adaptable lover, in the Truex tradition. Together with others of Mamma's emancipated circle, he does his best to play moral before young Julie. Del Marsh manages to protect his interests, and all turns out for the best, as you may imagine.

The dialogue of *Jig Saw* is not so funny that cardiac sufferers need worry. Truex and Spring Byington together cannot be sneezed at. Take a few long cool ones before you come to the playhouse. The wit will then please you more than it might otherwise.

The Milky Way

Comedy by Lynn Root and Harry Clark. Presented by Sidney Harmon and James R. Ullman.

THE ART of pugilism would suffer a severe handicap without Mrs. William Randolph Hearst's Milk Fund. And without it Hugh O'Connell probably would not be appearing on our stage as Burleigh Sullivan, a pugilist in spite of himself. It seems that Speed McFarland (Brian Donlevy) has an urge to insult Burleigh's sister. Burleigh, unaware of the fact that Speed is middleweight champion of the world, ducks a punch in defending the honor of his family. Whereupon the champion and his trainer (William Foran) knock out each other, and young Sullivan climbs his first rung to ring supremacy. An ambitious manager (Leo Donnelly) decides that such a fortuitous accident must not be wasted. And so the reputation of a "coming fighter" is built up, with the ludicrous consequences that usually follow false pretenses. Under the circumstances, dextrous ducking seems the safest policy, but evasions of the issue cannot go on forever, and so unhappy days finally arrive for the new seven-days wonder. Naturally, Mrs. Hearst's Milk Fund contests finally get him: the fatal showdown is at sad hand. But in such farces the hero always manages to get out alive, somehow, and in this one our imposter Palooka ends his lunatic career in customary triumph.

The Milky Way hardly boasts the Pulitzer Prize qualities of *Men in White*, its producers' earlier offering of the season. But in its fantastic cartoons of the pugilistic life, and in its grinning amia-

bility, it is in line for a goodly share of summer patronage. Gladys George, as a blonde wisecrack-vender, lends much to the goofiness of the evening. It is, rather a pity that the fights have to occur off stage, as they so often do. Seeing is better than radio-reporting, however ludicrous. In a season on its last legs, *The Milky Way* deserves comment as one of the few recent offerings worthy of your consideration.

She Loves Me Not

Comedy by Howard Lindsay, dramatized from Edward Hope's novel. Presented by Dwight Deere Wiman and Tom Weatherly.

IT IS, of course, late to review this comedy, perhaps the funniest of the year. Having appeared before the first review of this series, it has been mentioned but has never received the attention it really deserves. Inasmuch as it has now received the distinction of being the Dramatists' Guild Prize Comedy for 1934, *She Loves Me Not* must be lauded as the sort of gloriously cockeyed comedy that appears on a hundred college campuses just about now; before graduation. The difference, of course, is that into the concoction of this elaborate farce has gone such an abundance of inspired delirium that it is one of the funniest things in years.

She loves Me Not should satisfy your demands at least as well as anything in town. The situations shift crazily from Princeton (the axis of the nightmare) to New York, Detroit, Philadelphia, Washington, without the slightest warning, and in every conceivable stage area, upstairs, downstairs, and in milady's chamber.

The thing (one hardly knows just what to call it—with its sudden interjections of tunes, fantastic dancing, Paramount news reel, and so on) begins in a Princeton dormitory, where an amoral dancing-girl from a night club takes refuge with a group of surprisingly virtuous students. Here she is disguised as a boy, and approximately from this moment onward all Hell breaks loose. It is futile to describe what happens. Actors include John Beal, Burgess Meredith, Charles D. Brown, Polly Walters, of the films, as Curley Flag the dancer, is an amazingly-versatile young lady. During the mad onrush of events the Dean of Princeton is slugged and posed with the girl (arrayed principally in bewitching scanties). A gang-killer attempts to take a society deb "for a ride." The unparalleled situation altogether proves an inspiration to a movie company, whose camera men suddenly appear (like bugs from walls) and do their unrivalled worst.

See *She Loves Me Not* if you can only see one comedy this trip. Such an insane evening is the world's best tonic.

• • NOW THAT the Pulitzer Prize has been awarded to *Men in White* as the most outstanding play of the season, productions are rapidly dwindling away. A splendid theater year is coming to an end. No year that can boast of such a distinguished variety of offerings as has been noted in these reviews can pos-

sibly be regarded as unworthy of the great tradition of the stage.

As I write we still have with us "Ah, Wilderness!, *Mary of Scotland*, and *Men in White* (reviewed February), *Tobacco Road* and *Sailor, Beware!* (reviewed March), *Dodsworth*, *No More Ladies*, *The Shining Hour* (reviewed April), and *Moor Born* (reviewed May with spring taking its speedy toll).

May promises have not been entirely fulfilled. *Sweet Bells Jangled* a little too dismally for even the out-of-town trade. *Late Wisdom* opened, unwisely. *Broadway Interlude* was briefer than expected; its trappings now probably rest forever in the cool vastnesses of Cain's storehouse. Others, too, have vanished the realm of dreams. The season is really over.

Noteworthy Musicals

Bitter Sweet

A revival of Noel Coward's operetta. Music, book, lyrics by Mr. Coward. Presented by the Shuberts.

MR. COWARD, of course, is the wonder boy of the British-American theater. With an amazing range of accomplishments, scaling down from colossal *Cavalcade* to *Private Lives* and *Words and Music*, Mr. Coward professes a special love for *Bitter Sweet*, a softly-melodic operetta telling of the romantic struggles of a musician in old Vienna.

Briefly: An English girl elopes with the young violinist, and shares his fortunes and misfortunes until he is killed in a duel. Evelyn Herbert plays the well-remembered original Evelyn Laye part, but hardly recreates the charm of the first production. The satirical bits concerning the Aubrey Beardsley London exquisites (one of the principal amusements of the operetta) lack in bite. And yet, for all shortcomings, the present revival serves to recall the definite qualities of *Bitter Sweet*. Mingling, as it does, the gaiety of Viennese cafes with authentic tears, this operetta somehow is real. And even those who defame Mr. Coward as a glamorous merchant of superficialities admit that in *Bitter Sweet* he has made a poignant story, enhanced by melodies that authentic musicians admire. Spend an evening with this operetta, if it lingers here long enough. You will not regret it.

• • SOMETHING dire has happened so far to all the musicals promised for the month of May. But still available, as I write these memoirs of a passing season, are the *Ziegfeld Follies* and *As Thousands Cheer* (reviewed February), *Roberta* (reviewed March), and *New Faces* (reviewed May).

Important Films

No film worthy of special comment has put in an appearance this month in addition to "Viva Villa!" a spectacular account of the bandit's gory career. Recent good films include: *We're Not Dressing* (with Bing Crosby), *Crime Story* (a tense thriller, with Otto Kruger), the Soviet burlesque *Marionettes*, *The Blue Light* (a remarkable legend set in the

grandeur of the Dolomites), *I'll Tell the World* (a clever film of an American reporter set loose on the story of threats on the life of a Balkan Grand Duke), *Broadway Melodrama*, *20,000,000 Sweethearts*, and *Twentieth Century*.

Places to Go: Sights and Sounds

• • MANHATTAN, in summer, becomes a vastly larger city.

Visit Coney Island once at least, and sample its gaudy delights. Seeing the tremendous crowds of bathers there, you will limit your aquatic excursions to Jones Beach and others of the restricted beaches. Here you will find facilities equal to those of many celebrated resorts. Leading hotels offer elaborate pools and breezy roof-gardens. New York, as a summer resort, is too little known.

And with your own car there are numerous suburban establishments that should be visited. Ben Riley's *Arrowhead Inn* at Riverdale Avenue and 246th Street, Westchester-way, provides a luxurious summer haunt, with its terraces resembling steamer decks, and without the various inconveniences of travel. *Murray's*, at Tuckahoe, reached via the attractively wooded Bronx River Parkway, is a metropolitan night club in a bucolic setting. If you must remain in town, numerous penthouse institutions will ease the pain with surprising facility. Among such is *Bella Vista*, of 139 E. 57th Street. Such eating and dancing places as the *St. Regis Roof*, and the variously named skyhigh establishments of other leading hotels, will make you forget old man heat. Scattered street cafes lend a touch of Parisian swank, in Park Avenue sanctums and along lower Fifth Avenue particularly. All in all, you might pick a much worse spot than Manhattan in summer—if you take the trouble to use a little ingenuity.

Events

• • SUMMER brings numerous sporting events. The Meadowbrook Club polo tournament season extends from June 10 to June 29, at Westbury, L. I. Yachting events include those of the Knickerbocker Yacht Club, June 2, the Manhasset Bay Yacht Club, June 9, and the Larchmont Yacht Club (June 16). *Horse shows* will be held at Tuxedo Park (June 1-2) and at Port Chester in Westchester County (June 7-9). Carnera is slated to meet Baer for the heavyweight championship, at Madison Square Bowl, Long Island City (June 14). The *International regatta* will be held at Poughkeepsie (June 16). The Metropolitan amateur golf tournament meets at the Wykagil Country Club in New Rochelle (June 20-23).

The Goldman Band concerts will be heard on the Central Park Mall, beginning June 20. At least one concert should be attended, as an unusual experience. The Philharmonic Symphony will hold its concert season at the Lewisohn Stadium, beginning June 26.

Manhattan, assuredly, offers much entertainment during the summer months. With a cordial invitation to the prospective visitor, I bid you au revoir.

• • The March of Events • •

A New Deal in Tariffs

A cherished prerogative of Congress seems about to be surrendered, during the emergency at least.

HENRY L. STIMSON, Secretary of State in the recent Republican administration, endorses in a radio address (April 29) the proposal to give emergency tariff powers to the President. "Unless some such steps are taken to revive our foreign trade, there is serious danger that we may drift into a domestic situation where attempts may be made radically to modify the individual rights of freedom and of initiative."

SECRETARY of Commerce Roper, speaking at the convention of the Chamber of Commerce of the U. S. (May 1), characterizes the reciprocal tariff bill as intended to bring about the sale abroad of products engaging many of our people, letting in only such products as will not contribute materially to unemployment. Raw materials in 1933 constituted a larger proportion of U. S. exports than at any time since 1891.

THE tariff bill, giving bargaining power to the President, is reported favorably to the Senate by its Financial Committee (May 2). An amendment provides for hearings of industries affected.

Higher Taxes for the Rich

Nearly a half-billion in new revenue is found by raising rates on large incomes, on gifts, and on estates.

ESTATE taxes are raised by vote of the Senate (April 12). Present maximum of 45 per cent is increased to 60 per cent; adopted 65 to 14. Exemption is lowered from \$50,000 to \$20,000, where the levy begins at 1 per cent. Gift tax rates are increased in proportion.

THE Revenue bill is adopted by the Senate, 53 to 7 (April 13). It is estimated to yield 481 million dollars in new or increased taxes, compared with 263 millions as it came from the House.

A 10 per cent supertax on all incomes is removed from the Revenue bill by the Senate (May 3) after refusal of the House to accept it. Otherwise all Senate changes, increasing taxes on higher incomes and on estates, are accepted by the House Conferees. The measure is signed by the President on May 10.

Wall Street Curbs

Legislation pending and passed is made somewhat less severe.

A REVISED stock-exchange control bill is approved by the Senate Banking and Currency Committee (April 20), 11

to 8. Provisions which had been most criticized as too drastic, are modified.

STOCK-EXCHANGE regulation by an enlarged Federal Trade Commission is provided in the Rayburn bill passed by the House (May 4), 280 to 84. Authority to fix margin requirements is placed with the Federal Reserve Board. It limits the amount which may be loaned to 55 per cent of the market price of the security.

AMENDMENTS to the Securities Act of 1933—said to have hampered business recovery by stringent regulation of new financing—are offered in the Senate (May 4) by Senator Fletcher, chairman of the Committee on Banking and Currency. Liability provisions are modified.

THE SENATE passes its own stock-exchange control bill (May 12) 62 to 13. It differs from that of the House by placing administration in the hands of a special commission, and by giving the Federal Reserve Board full authority over margin requirements. Attached, also, are modifications of the Securities Act of 1933.

Sugar, Cotton, Rubber

Too much of each, and what is being done about it.

THE SENATE passes the sugar-control bill (April 19) 49 to 18. It makes sugar beets and sugar cane basic agricultural commodities under the Agricultural Adjustment Act. Beet-sugar growers are allowed 1,550,000 tons annually; cane-sugar growers 260,000. Import quotas are to be fixed by the Secretary of Agriculture.

THE Bankhead cotton restriction bill is signed by President Roosevelt (April 21). Originating in the cotton states, it is not approved by the Agricultural Adjustment Administration. The measure allots by states a quota of 10 million bales, a reduction of 41 per cent from the 5-year average, and imposes a tax of 50 per cent of market value on any excess offered for ginning.

RUBBER control for five years in eight producing regions is provided in an agreement signed at London (April 29). Britain and the Netherlands led in the negotiations. Export quotas for each area are to be fixed. The United States, which consumes half the world's rubber and raises none, will pay the bill.

THE sugar-control bill is signed by the President (May 9). At the same time, and under the flexible-tariff provisions of existing law, he reduces the duty so that Cuban raw sugar pays 1½ cents a pound instead of 2 cents. This half-cent is compensation for a processing tax on sugar provided for in the new law.

The Army Drops the Mail

New contracts, untainted, restore the air-mail to private carriers.

AIR-MAIL contracts, temporary, for 17 routes covering 19,000 miles, are sought in bids opened at Washington (April 20). In most instances the low bids are submitted by the same operating companies whose contracts were recently canceled; but to retain lines their bids were unexpectedly low.

THE SENATE adopts an air-mail bill (April 28), authorizing one-year contracts pending study by a bi-partisan commission. Many restrictions are imposed, upon salaries, interlocking directorates, etc.

CONTRACTS are awarded by the Postmaster General (May 3) to the lowest bidders on fifteen routes. Bids are to be asked on twelve other routes. Then the revised air-mail system will cover 28,548 miles (3300 more than before, though daily mileage will be reduced from 97,000 to 78,000 by fewer trips on some routes).

THE AIR CORPS of the Army turns over to a private carrier the coast-to-coast air-mail route (May 8), first step in a rapid withdrawal of the Army from its emergency job of carrying mail, begun in February.

Japan Speaks

Assertion of her special mission in East Asia creates a flurry at London and Washington.

JAPAN'S FOREIGN OFFICE "spokesman" issues to the press (April 18) a statement regarding China and the special mission of Japan in East Asia. "To keep peace and order . . . Japan must act single-handed." Japan will oppose the sale of war planes to China, political loans, military advisers. Gestures for joint assistance to China are becoming "too conspicuous".

BRITAIN'S Ambassador at Tokyo calls at the Foreign Office (April 25), presenting a memorandum of inquiry regarding Japanese policy in China. It is reported that he received assurances of Japan's adherence to the Nine-Power Treaty signed at Washington in 1922.

UNITED STATES Minister to Japan, Joseph C. Grew, confers with Foreign Minister Koki Hirota upon instructions from the State Department at Washington (April 26).

FOREIGN Minister Hirota delivers identical memoranda to the British and American ambassadors at Tokyo (April 27), milder in language than the original.

Continued on page 59

WANTED---

Junior Safety Volunteers!



WOULD you like to be a Junior Safety Volunteer and have a booklet with pictures in it showing how you can help to prevent accidents? Your booklet will have a place on it for your name.

Of course you are smart enough to take care of yourself on the street, and you surely know how to keep an eye on kids who forget to look where they are going—especially the little ones.

If you save someone from being killed or having his bones broken you will remember it as long as you live. And you will be on the lookout for just such a chance.

More than a thousand children a month are killed by accident in our country and more than a hundred thousand are hurt—many of them seriously—in spite of all that has been done by fathers and mothers, teachers and traffic officers to keep boys and girls from being injured.



The Metropolitan hopes that when Junior Safety Volunteers are on the alert, all over the country, there will be a very different story to tell about accidents next month and the months to follow.

Print your name and address on the coupon and be one of the first Junior Safety Volunteers in your neighborhood. While being careful about yourself you can do a grand job looking after schoolmates, or possibly grown people who will not know so much about accidents as you will after you get your free booklet. Who will be the first to volunteer?

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I want to help prevent accidents. Please send my copy of "The Junior Safety Volunteer."

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METROPOLITAN LIFE INSURANCE COMPANY

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GENERAL BUSINESS INDICES

FINANCIAL

	APRIL, 1934		MARCH, 1934		FEB., 1934		APRIL, 1933		APRIL, 1932	
	Data	Index	Data	Index	Data	Index	Data	Index	Data	Index
Bond Sales—N. Y. Stock Exch.	\$362,200,000	110	\$319,700,000	99	\$384,500,000	150	\$271,300,000	82	\$254,200,000	77
Stock Sales—N. Y. Stock Exch. (number of shares)	29,847,000	30	29,916,000	30	56,834,000	60	52,900,000	54	31,400,000	32
Corp. Div. and Int. Payments	\$576,940,000	84	\$406,867,000	75	\$403,348,000	101	\$561,279,000	82	\$654,000,000	96
New Corporate Security Issues	\$28,240,000	5	\$13,770,000	2	\$13,058,000	2	\$17,300,000	3	\$48,000,000	8
Money Rates in New York City .....	.98%	21	1.00%	22	1.14%	25	1.22%	27	2.53%	55
Bank Debits in New York City	\$16,945,000,000	56	\$15,608,000,000	48	\$13,231,000,000	51	\$11,377,000,000	45	\$15,558,000,000	59
Rate of Circulation of Bank Deposits in New York City	2.55	51	2.44	45	2.18	51	Not available		2.68	54
Index of FINANCIAL ACTIVITY	39.5		36.2		48.5		41.8		49.0	

DISTRIBUTION

Magazine Advertising (Agate Lines)	2,683,000	66	2,198,000	61	1,867,000	57	1,910,000	47	1,777,000	62
Newspaper Advertising (Lines)	Not available		Not available		Not available		59,300,000	56	70,600,000	67
Foreign Trade	Not available		\$343,000,000	63	\$296,000,000	60	\$191,500,000	45	\$263,000,000	56
Merchandise Carloadings (Weekly Average)	403,000	69	387,000	69	371,000	72	348,000	51	387,500	66
Department Store Sales (Federal Reserve Index)	76	80	*77	*81	71	74	68	79	80	87
Bank Debits Outside N. Y. City	\$14,278,000,000	61	\$14,077,000,000	58	\$11,784,000,000	57	\$13,300,000,000	69	\$14,366,000,000	74
Rate of Circulation of Bank Deposits Outside New York City	1.43	78	1.44	76	1.23	75	Not available		1.30	71
Index of DISTRIBUTION	71.6		*69.2		*66.9		63.1		70.7	

PRODUCTION

Steel Ingot Production (Capacity) ..	54.19%	66	47.81%	54	42.78%	50	24.12%	29	22%	27
Pig Iron Production (Average Daily Tons)	58,488	61	52,243	54	45,131	47	20,787	21	28,400	30
Domestic Cotton Consumption (Running Bales)	520,000	99	535,000	97	470,000	89	470,685	90	367,300	69
Total Construction Contracts	\$134,400,000	32	\$179,200,000	45	\$96,700,000	34	\$56,573,000	25		
Electric Power Production (Kw. Hours Aver. Daily)	253,000,000	76	253,000,000	73	253,000,000	71	210,000,000	66	\$122,000,000	37
U. S. Automobile Production	400,000	87	*350,173	*81	243,947	71	170,000	37	226,000,000	77
Commodity Carloadings (Average weekly)	180,000	60	225,000	71	224,000	65	154,000	51	169,400	56
Crude Oil Production (Barrels)	72,510,000	97	72,850,000	95	62,860,000	90	65,313,000	87	67,720,000	89
Bituminous Coal Production (Tons) ..	24,582,000	71	34,790,000	82	32,350,000	77	20,900,000	61	20,300,000	59
Portland Cement Production (Capacity)	Not available		23.0%	41	20.2%	43	18.9%	26	24.8%	35
Boot and Shoe Production (Pairs) ..	Not available		Not available		29,600,000	103	27,600,000	91	25,900,000	86
Index of PRODUCTION	63.5		*65.8		*61.9		45.2		50.8	

INDEX OF GENERAL BUSINESS

.....	61.1	.....	*61.4	.....	*59.5	.....	49.3	.....	56.7
	**Estimated		*Revised						

The Pulse of Business

Continued from page 29

of a seasonally expected decline this performance may be regarded as favorable. Power output is steadiest of all the indices which go to make up the general index of business conditions. Domestic consumption is the great stabilizer which tends to modify the severe fluctuations of commercial and industrial consumption of power.

On the investment side, however, the utilities continue to show the effects of hostile public treatment. The industry may well be considered the stepchild of the New Deal. Taking the utilities listed on the New York Stock Exchange as a fair barometer of the group, we find a rise in the aggregate value of utility securities from the low point in 1932 to the 1st of May in 1934 amounting to 1,781 million dollars—a rise of 42.6 per cent. As against this may be compared

a gain of 21,067 million dollars in the aggregate of all listed securities—an advance of 135 per cent in the same period. Some of the other conspicuous beneficiaries of business progress have been the railroads, with a rise of 208 per cent; the chemicals, with 230 per cent; and the automobiles, with 313 per cent.

A compilation of a fair cross-section of recent reports shows a loss in utility earnings of 6.4 per cent for the last twelve months as compared with the preceding period. This is the result of increased costs, higher materials and wages under the codes, and reduced rates under the pressure of state commissions and government competition. The return of Insull from his ignominious Odyssey, the revelations of a New York state legislator whose compensation was padded while in office by power firms

(pay that was significantly terminated when the statesman concluded his public service), and the fanfare attending the valiant drive of New York State's Public Service Commission, all indicate that the cloud under which the power companies operate is not getting lighter. For the moment the silver lining which it contains is being encased in a rougher and somewhat more unfriendly exterior.

Self Defense to Become a Crime

The efforts of stockholders, distinctly anemic at best, to defend their interests against marauding political guerrillas, has been sharply branded as management-inspired propaganda. It merely remains for Congress to stamp any property owner who defends himself as a felon, to be rated by the New Deal conscience with Dillinger and Capone.

No progress has been made against the Administration's determination to restrain the power companies by direct competition. This is a field in which the

Government has adopted a definite theory of control traceable to Prof. James C. Bonbright of Columbia. Dr. Bonbright holds regulation of rates by state commissions to be dilatory and largely futile, due to the excellent legal talent which the companies can employ and to the care with which a super-annuated jurisprudence protects property rights. The only effective way in which to cut rates is to establish the Government in the business of generating and distributing power. For this reason we have the Tennessee Valley Authority, the Grand Coulee in Washington, the Seminole Dam in Wyoming—all financed by Uncle Sam not because power is lacking in these regions but solely because the general welfare demands a vendetta against the utilities. It's a grand idea—if you don't happen to own anything.

Patient Gets No Better Rapidly

We are unable to join in the loud huzzas with which some of our contemporary commentators greet the alleged increase in construction. This enthusiasm is based upon an imperfect measure of construction consisting of the dollar value of building permits in a selected list of cities. A permit to build falls short of an engagement to bring bricks, mortar, and labor together and is expressed in dollars rather than in physical volume. Construction costs according to the *Engineering News-Record* have advanced approximately 21 per cent during the last year and are now at a level approximately twice as high as that prevailing before the war. The index is somewhat faulty in that it is based upon wage rates and cost of materials, and does not take into account the greater efficiency with which these two are combined today as compared with the pre-war period.

The F. W. Dodge Corporation, whose construction reports are recognized as the most complete in the field, covers all kinds of construction except repairs and includes 37 states east of the Rockies. Contracts for April reported by this organization total \$134,400,000 as compared with \$179,200,000 for March. After making allowances for normal seasonal changes and the altered value of the building dollar, the REVIEW OF REVIEWS monthly index of construction drops from 45 per cent of normal to 32. In fact, if we omit the item of construction our index of general business—instead of declining from 61.4 to 61.1—rises to 63.4.

Government Building Alone Holds Up

We can see very clearly what is happening here if we consider the weekly index of construction based upon heavy projects as reported by the *Engineering News-Record*. The average of the weekly figures for March was 35.6 and for April 35.2. In other words, heavy projects maintained their seasonally expected increase. This is largely due to the expenditure of PWA funds. For the rest the industry, left to the joint and tender mercies of organized labor and harsh security legislation which discourages the use of capital, continues to languish.

Investment Counsel

- **ARE YOU** hanging on to investments which may never again reach the prices you paid for them? The sensible thing to do is to switch to stocks of about the same present value which possess better prospects of appreciation. But don't buy without investigating. Many weaklings are unloaded under cover of good news.
- **HOW MUCH** do you really know about the securities you own or about those you are thinking of buying? The wise buyer weighs many factors carefully: past performance, present capitalization, management, obligations, competition, and possible developments from research presaging new fields and new markets.
- **FEW ARE** qualified by experience and observation to rely on their own judgment. Few have the facts, figures, knowledge of conditions, acquaintance with corporation officials; the necessary information on more than one company, if that. Yet there are men in the world's financial districts who have made a profession of gathering this knowledge. To such a man, an investment counsellor of unquestioned integrity, the "Review of Reviews" turned when besieged with requests from readers for investment information. So numerous have these requests become that it is felt that a genuine public service may be done by calling attention more widely to this source of unbiased investment advice.

An Impartial, Unbiased Service

Please remember that the "Review of Reviews" is not in the business of selling investment advice but is sincerely interested in serving its readers in the fullest measure.

The investment counsellor we have retained was for ten years the financial editor of a leading national magazine. He spent five years with a New York investment house. His time and knowledge are now at the service of our readers. A nominal charge is necessary. We trust you will take advantage of this service as have so many of our readers.

Here are typical inquiries recently received from subscribers:

"In view of recent developments do you recommend United Aircraft Corp. stock for quick profits? For a long pull? Or would an investment in Great Northern Ry. Pfd. be safer? I have held Westinghouse Electric & Mfg. Co. stock for several years without dividends. What switch would you recommend for income? I have North American Co. stock, bought at 30. What are its future possibilities?"

"I would like to have a report on Cities Service, Preferred; Budd Mfg. Co.; Celotex Co.; Crown Cork International A; Atlas Tack; Fisk Rubber; and Kirby Petroleum. Do you advise switches to any other stocks of equal value which have better chances of appreciation?"

"What are your suggestions for investing \$8000? I wish to invest at least half with due consideration for safety. I am willing to invest the balance in common stocks which, though speculative, are likely to increase in value and become dependable dividend earners in the near future."

"Give me information on the investment trust listed as Deposited

Bank Shares N. Y., Series A, now selling at \$2.60 a share. Are any of the 18 New York banks forming this trust in a weak condition?"

"What is the book value of stock in the Stutz Motor Car Co. of America? Do you think it possible to get a better price in the near future than present quotations?"

"Can you improve on a list of low-priced, dividend-paying stocks made up of Nash Motors, Kroger G. & Baking, International Nickel, Socony-Vacuum, Texas Corp., and Loew's, Inc.?"

Please give me information on Beneficial Industrial stock, both common and preferred, and their bonds. Do you consider the company a speculative risk? Also let me have your analysis of Texas Pacific Land Trust."

"I am being urged by a San Francisco brokerage house to dispose of my Super Corporation of America Trust shares, also Electric Light & Power shares at a 50% loss on my original investment. Are these companies still sound? Will they continue to pay anything?"

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Enclosed find \$.... (\$2 for the first security, \$1 for each thereafter) to cover investment analyses on securities which I am listing below or on separate sheet, together with questions which I wish specifically answered.

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Address



Huntington National Bank Building
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Webster Heating Modernization cost \$3061.82
including installation and financing. Here are figures on savings, in tons

October	11.1
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December	35.6
January	43.6
February	70.3
Total—in tons	185.4

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Efficiency, but without a trace of bump-tiousness—friendliness that never has its tongue in its cheek. Add to these a livelier tempo and the endless little luxuries of Philadelphia's modern hotel—and you have the reasons why the travel-wise are now turning down Chestnut Street to Ninth.

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The intervention of the Government and its consequences may to some extent be appraised by an examination of the statistical business report appearing on page 52. In the field of production one item, construction, has received conspicuous Government attention during the past year. In April, 1933, the index of construction was 25 and a year later 32, this in spite of an expenditure of billions by the Government. The normal recovery impulses of this industry were hampered by two factors, the first an extravagant and suicidal insistence by organized labor for higher wages, and secondly the repression of new capital issues by federal legislation. In this particular field, at least, reform has cancelled recovery even though the latter was aided artificially. If we take the remainder of the field of production, much less affected by labor and reform than construction, the year shows an advance from 50.4 in April, 1933, to 78.3 in the same month of 1934. Using last April as a base, construction has improved 28 per cent and general production, omitting construction, 55 per cent.

Another vitally important field which has been practically sterilized by the zeal of reform is finance. A year ago the index of financial activity was 41.8. Last month it was 39.5 and in March 36.2. Money rates reflect the continued stagnation of the money markets, the average of call loan, commercial paper, acceptance and time rates being .98 per cent as compared with 1.22 per cent a year ago. New corporate security issues in April aggregated \$28,240,000, as compared with \$17,300,000 a year ago and \$13,770,000 in March. To get a proper picture of this it is well to note that corporate issues a year ago in April were 3 per cent of a calculated normal, i.e., the amount that might reasonably

have been expected. Coming out of a bank holiday in which business and finance were virtually paralyzed, there was some explanation for this. A year later—in March, 1934—after business had risen from 49.2 to 61.4 per cent of normal, new corporate security issues nevertheless totalled but 2 per cent of what might reasonably have been expected, while in April, 1934, this figure had risen to 5 per cent.

The Business Front

Business may be viewed as a vast line of constructive forces advancing to recover territory held by the forces of deflation and depression. As is true in modern warfare, the line is not straight. Two sections remain in which the doughboys of business have made no progress: finance and construction.

At one of these two failing points—points which tend to retard the progress of the rest of the line, and will eventually force it to halt—the firing directions are being given by a group of young artillery officers, known as the brain trust, because of the high favor it enjoys at G.H.Q. This group having studied the ravages of the enemy in the area immediately ahead of them—known as the speculative and banking sector—have decided that the enemy must be driven out of this territory and must never again be permitted to occupy it.

At the other sector where our forces have failed to make progress, i.e., construction, Uncle Sam has selected a committee of privates (labor leaders) to do the firing. The most notable quality of these boys has been their great care in protecting themselves. On occasion they have forgotten the need of normal ingress and egress, with the result that they starved to death in their own perfect fortresses.

Brain Trusts in History

Continued from page 26

England today has numbers of financial and economic experts whose indirect influence has proved of immense value to the government in such matters as revaluation of the pound, inflation of the currency, and balance of the budget. With a banking system fundamentally sounder than that of the United States, and with a financial leadership perhaps more seasoned, political economists like Salter, Layton, Laski, Keynes, Hawtrey, and Sir Josiah Stamp have contributed vastly to rigging to English ship of state. The famous London School of Economics and the Bank of England are stable institutions with which certain of the English economists cooperate, and English recovery from the world depression is demonstrably in sight as the year of grace 1934 marches on.

England, of course, has not had to face the agricultural problems that have wracked America; but in many ways her industrial worries, closely linked with financial deficits, have been more complex than those of Pittsburgh, Detroit, or the New England mill towns. According to one leading critic, "To be able to say that the crisis has been mastered in Great

Britain is to know that the foundations of our civilization are more secure." If this contention be true, the world owes a definite debt to English economic brains and to the London School of Economics.

In general, it may be said that brain-trusts have never been popular among the masses, who time and again fail to appreciate "high-brow" aims and motives. Demagogic politicians or grasping business interests have usually ranked higher in popular esteem than have thoughtful intellectuals who were striving for the public welfare or for the basic rights of humanity. To this rule the French Jacobins were a notable exception, through their comparatively direct contacts with the populace of revolutionary Paris. But brain-trusts are frequently prosaic desk-men whose appeal to the popular imagination is absent. Their academic attitude toward vital problems annoys opponents. Their planning, which is essentially indirect, is gradual and often obscure in its fulfillment. Nevertheless, they have figured in history with consistency; and, in the opinion of many thoughtful minds, a fair share of the uncertain future is theirs.

Cigars—5¢ and Otherwise

Continued from page 39

who is president of the parent company.

Next, alphabetically, is Bayuk Cigars, Inc., which make especially a very popular brand known as Bayuk Phillies and claim to be the largest purveyors of 5-cent cigars, with Samuel Bayuk as chairman of the board.

Congress Cigar Company (two-thirds owned by the Porto Rico-American Tobacco Company) makes La Palina, at 10 cents and in a very popular 2-for-25-cent size. The Porto Rico-American Tobacco Company also owns Waitt & Bond, which has made the Blackstone cigar famous at 10 cents and up, and now introduces Totem at 5 cents. The parent company makes El Toro, a 5-center, and Ricoro. William E. Waterman heads all three companies.

Consolidated Cigar Corporation makes Dutch Masters, an improved 10-cent cigar; Harvester, reduced last year from 10 cents to 5, and other well-known brands. Some years ago Consolidated acquired the G. H. P. Cigar Company, with El Producto, largest selling 10-cent brand; but the companies are operated as competing units. Julius Lichtenstein is president of Consolidated.

General Cigar Company—still pursuing our alphabetical arrangement—is fortunate in the possession of three famous 5-cent brands, White Owl, Van Dyck 1932, and William Penn, and the ever-popular Robert Burns at 10 cents, besides others. Its output of White Owl alone, made in seven cities, has exceeded 325 million in each of the past three years. Fred Hirschhorn is president.

P. Lorillard Co., makers of Old Gold cigarettes, manufacture Muriel and Rocky Ford cigars and are the leading manufacturers of "little cigars"—the famous Between-the-Acts, Royal Bengal, and LeRoy. This was part of the old Tobacco Trust. B. L. Belt is president.

Any larger group of cigar luminaries would include: E. Regensburg & Sons, who make Admiration and Happy brands; E. A. Kline & Co.'s Medalist; Max Schwartz's Primadora, R. G. Sulli-

van and his 7-20-4, and Webster-Eisenlohr's Girard and Webster.

For some connoisseurs the only cigar is one fashioned by the hand of a craftsman; made to order, as it were. Fifth Avenue and Michigan Boulevard boast of cigar stores where these wares are sold. There are de-nicotized cigars for those who prefer Sanka to coffee.

8 Out of 9 Spend Five Cents

WHAT OF THE FUTURE? Well, the cigar manufacturer is enjoying a small measure of optimism. His sales increased during the first quarter of this year (over the same period last year) by 13 per cent. The decline that began in 1921 has been checked and a modest rise is under way.

Indeed, the first quarter of 1934 witnessed the sale of 990 million cigars (11 million a day), compared with 874 million in the corresponding months of 1933. This was a gain of 116 million in 90 days. A million and a quarter more cigars smoked each day this year!

A most reliable barometer of price preference among cigar smokers is the Bureau of Internal Revenue's monthly record of the sale of tax stamps. Using this barometer as an infallible guide, the cigar smoker's preferences—governed by his ability to pay and by prevailing price

WHAT PRICE CIGAR? (Sales, in millions of cigars)

	A (5 cents)	B (6 to 8)	C (10 to 15)	C and E (more than 15)	Total
1931 3 months average...	928	43	339	21	1331
1932 3 months average...	865	13	208	13	1099
1933 January-March.....	752	6	104	10	874
1934 January-March.....	868	8	105	7	990

levels—are set down in a table on this page.

Thus in 1931 the 5-cent cigar controlled 69 per cent of the market; in 1932, 79 per cent; in 1933, 86 per cent; and so far this year, 88 per cent. Does this country still need a really good five-cent cigar, or has it now several of them? We wonder what Marshall would say.

This World of Ours

Continued from page 24

were inter-colonial but which are now, in like terms, international.

At a time when men are everywhere seeking to sell the products of their labor, of their agriculture and of their industry, they find that their governments, largely at the behest of selfish interests or through sheer stupidity, have erected barriers to trade which make it impossible for them, on the one hand, to secure employment, or on the other, if and when employed, to sell the product of their labor with advantage. To lessen, or even to level these barriers to trade and to dispossess the privileged interests which have so largely brought about

their erection, is something which an aroused public opinion, and that alone, can accomplish.

When men and governments can think of nothing else to talk about, they discuss war, and they waste untold billions in preparation for a war which, if it came, would end their existence. It is so hard to get men to face realities. They try phrases, formulas, parallels, precedents and all kinds and sorts of legalistic hypotheses and subterfuges. If they will only turn their back on all these and look facts in the face, they will be able to build and to govern a peaceful and a prosperous world.



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H. Armstrong Roberts

Prospecting for Pleasure in the Northwest

Modern Chechacos Find New Experiences in the Land of Totem Poles and Glaciers, Pines and High Peaks

A DISTANT COUSIN of mine once decided that Indiana wasn't big enough to hold him. The banks of the Wabash were quite all right, but he itched to follow Lewis and Clark out to the coast where trees grew tall and you could kick salmon out of rivers with your foot.

So he got himself a covered wagon and courageously headed west with his wife and baby. He stayed through the winter in Iowa and then spent from April to October in 1852 getting to the coast on the Oregon trail. His name was Ezra Meeker.

Every nincompoop knows that today you can cover the same ground in a week, with time for stopovers and sight-seeing. You don't have to waste days standing off Indians or fleeing from stampeding buffalo—although some virile souls claim that we'd be a lot better off today if we did. This, however, is an academic question which should interest practically nobody.

The mountains are just as beautiful, the national parks just as exciting, and the mountain lakes just as inviting as they were in those heroic days. It's just as much trouble to climb some of those Canadian and Western peaks today as it was in the days when men wore boots,

voted for General Grant, and still believed that woman's place was in the home. Who says we moderns are softies?

IN 1934 THE Northwest, Canada, and Alaska offer much that is new and much of the color of pioneer days. If a traveler has a limited amount of time, he can take in one or two beauty spots such as the Black Hills, Yellowstone, the Columbia River valley, Crater Lake, Rainier National Park or Glacier National Park, and still catch the spirit of the Northwest. If he prefers, he can scoot through the Canadian Rockies, visit Banff, Jasper Park, or take in the Calgary Stampede. If he has more time, he can go to Alaska—which is almost as warm in summer as Chicago's lakefront.

Each of the western national parks has unique advantages; all have their adherents. In certain respects, however, they are alike: all have marvelous natural scenery, lakes, wildflowers, wild life, mountain trails and outdoor sports, and you can take your choice.

Yellowstone National Park is perhaps representative. One could very well spend a summer in it, exploring valleys, climbing peaks, and following old mountain trails. Yellowstone is a proved cure for loss of appetite. Here is the prescrip-

tion: Take a long tramp in the woods or ride horseback over mountain roads for four hours, and then test the "treatment" with a T-bone steak cooked over a campfire. As for insomnia, New Yorkers who have been reared next the elevated find the quiet positively deafening at first—and then quite satisfying.

Yellowstone's wild life has made it famous, of course. The bears will eat what you give them or even "hold you up" in amusing defiance of the law. Beavers build dams and apparently have no idea of working the five day week. Elks, antelopes, bighorn sheep and buffalo will look at you from a distance.

YELLOWSTONE is full of trout streams with trout in them. Horsemen accustomed to level bridle paths can enjoy a totally different kind of riding over rough country. There are all kinds of wild fowl living in the valley; including, believe it or not, a large colony of pelicans.

As for the main wonders of Yellowstone—the Falls, the gorge, the geysers, the rock formations—you'll see those anyway. We have always been a great admirer of natural grandeur. But where-as the travel books talk about particular places as gardens of the gods, valhalla,

giants' playgrounds, and the like, we think and react otherwise. This mountain looks to us like a huge layer cake, that one a stack of pancakes—another is a baked Virginia ham, and the many-colored rock strata are plainly a club sandwich.

The other national parks offer unique advantages. In Rainier, for example, you can throw snowballs, slide in the snow on the seat of your paraffined pants, or swim in mountain pools. It all depends on how high you are. There are many wildflowers and perhaps the greatest attraction of all is Mount Rainier, 14,400 feet. Glacier National Park is quite accessible to passengers going east and west and can be made a pleasant interlude in a trap trip.

IF YOU HAVE been raised on Jack London, James Oliver Curwood and Rex Beach, you are due for a quick awakening. The old-time logging days of the Northwest are over. No longer do hairy-chested he-men chew cut plug, rip the bark off trees with their bare hands, or lift one-ton logs on their shoulders. The camp foreman, who used to be called "bull o' the woods" and who was boss because he could lick everybody else, is now playing golf on Saturdays and smoking—of all things—cigarettes!

Modern logging is highly mechanized. Tractors have replaced ox-teams and improved transportation has done away with the annual river drives in the spring. No longer do men ride king logs down swirling rivers. Yet it still takes balance and skill to work around the mills, where steel hands do the work of many men.

One of the sports which survives from the old days of river drives is birling. Two men get on a floating log and try to manipulate each other into the water. The game has all sorts of variations, and is quite exciting. You may see it around Puget Sound.

There is scarcely a section of the West in which you will not find dude ranches. There are all varieties. You can watch the cowhands in fancy regalia do their stuff from a shaded veranda; or you can wear overalls, do the chores yourself, and take a refreshing dip in a mountain stream. It all depends on how hard you want to loaf.

THE VISITOR to western Canada has more mountains to choose from than he can shake a golf stick at. Perhaps best known in western Canada are Banff, Jasper, Lake Louise, and Calgary. All offer outdoor sports such as horse-back riding, swimming, golf, tennis, boating and mountain climbing. Hunting with cameras for grizzlies or cinnamon bear may appeal to you; though it doesn't to us. Fishing, however, we enjoy. If you don't like Jasper Park you can go next door to Mount Robson, but you must be hard to please. Banff, possibly the best known Canadian resort, needs no description; its facilities are excellent. Calgary is not far away; you might like to see the rodeo and stampede, July 9-14.

From Seattle or Vancouver it is not far to Alaska—just two days by boat to Ketchikan. In case you have forgotten



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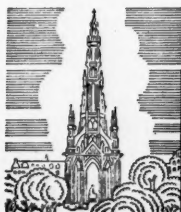
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your fourth-grade geography, there is a strip of Alaska coast land which runs almost as far south and east of Alaska proper as the Aleutian Islands run south and west. The frozen north is not as far north as one might think and by no means all frozen. The Japanese Current warms things up, not to mention the year round steam heat supplied by volcanoes.

In the old days men sailed north to hunt whales; modern travelers seek health or recreation. If you go by boat, there are two routes. One is the "inside passage" in which you sail among the many islands of the Canadian Pacific coast—with few stretches of open water. The scenery is grand. The other route, which takes you to the more northern ports, such as the Pribilof Islands, Nome and Seward Peninsula, requires that you sail pretty much westward from Seattle or Vancouver, through Umnak Pass in the Aleutian peninsula and then into Bering Sea.

Alaska is a country which has a strong appeal. There are mountains, torrents, glaciers, and raging rivers. . . . There are also millions of wildflowers, and when spring comes, they can't wait for a thaw to poke their heads out—they come right up through the snow. Mosses and other growths abound.

It is thrilling to visit the Pribilof Islands, where fur coats are raised. A cruise going north this summer stops there. The seals go south in the winter, as they find the climate a bit chilly, even with sealskin coats. But they are "at home" from April till July. This is the mating season. Under government supervision a certain number of the surplus male seals are killed each year and their pelts shipped to the United States. Since each male seal has anywhere from five to fifty wives, he gets it "in the neck" rather than the females. Who says the woman pays?

The Eskimos are interesting people, but we warn you ahead of time—you won't be reminded of flower gardens when near them. Taking a bath in the northlands is more than just turning on the water in a tub. Life for them is hard and an Eskimo is old at thirty-five or forty. One of the amusing sights today is that of a few of the natives' umiaks being propelled by outboard motors. Most Eskimos, however, cannot afford such luxuries and still commute by kayak. When we were last in Nome, there were a great many races on the Fourth of July, as well as all sorts of land sports. The average American would not care to follow the Eskimo's diet. The writer has more than once observed one devouring a can of lard.

Alaska has a strange attraction for people. There are busy industries—canning or mining—and right beside them are Indian totem poles. There are snow fields, waterfalls, great peaks and green glaciers cracking and thundering, seaward. It is a land untamed. Alaska has a pull. It has the kind of fascination Robert W. Service wrote about. It has "wild and wide borders," and its "mighty treasures" are to be won only by strong hearts.

—J. C.

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The March of Events

Continued from page 50

statement of the "spokesman". Japan affirms its intention to abide by treaties pledging equal opportunity in China.

THE State Department at Washington publishes (April 30) the substance of a statement presented to Japanese Foreign Minister. "No nation," it says, "can, without the assent of the other nations concerned, rightfully endeavor to make conclusive its will in a situation where there are involved the rights, the obligations, and the legitimate interests of other sovereign states."

BRITAIN'S President of the Board of Trade hands the Japanese Ambassador a memorandum (May 3), warning of trade reprisals unless Japan modifies practices which are flooding world markets with low-priced goods—particularly textiles, in India and China, and due largely to Japan's cheap labor and currency depreciation. For example, export of Japanese cotton piece goods rose from 1.4 billion square yards in 1931 to 2 billion in 1933.

BRITAIN fixes import quotas on cotton and rayon textiles (May 7), effective at once, designed to curtail Japan's trade with British colonies. The quota basis is 1927-'31, when Japan's average export to the colonies was 87.6 million yards, against 205 million in 1932.

NRA and Recovery

Milestones that mark the path upward from depression depths.

FEDERAL relief reaches a new peak (April 1, figures published April 13) with 4,700,000 families receiving aid, including 1,950,000 heads of families given work-relief. At the low point of business—in March, 1933—the Administrator says that aid was given to 4,600,000 families.

A TAILOR in Jersey City is sentenced to serve 30 days in jail (April 20) for pressing a suit of clothes for 35 cents instead of 40 as prescribed by the code. Three days later he is released by the judge.

UNEMPLOYMENT for March, estimated at 8,021,000 by the National Industrial Conference Board (April 28), is lower by 589,000 than in the previous month, and 39.2 per cent improvement over the March 1933 peak of 12,203,000.

FACTORY payrolls in March are reported by the National Industrial Conference Board (April 29) at 8½ per cent larger than in February and 105 per cent higher than in March 1933. Wage-earners increased by 45 per cent in the year.

FEDERATION of Labor estimates of unemployed (May 5) note a turning point in October 1933, when labor began to lose ground that had been gained. Of those who found reemployment from March to October 1933, 780,000 had lost their jobs again by March 1934.



On dining well

O NOBLE gastronomic muse, descend . . . and inspire this discourse . . . !

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War Debts Revived

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default, brings an old subject
to the front.

FINANCIAL transactions with foreign gov-
ernments—that is, the purchase of
sale of bonds or other securities—is
prohibited by a bill signed by President
Roosevelt (April 13) if the foreign gov-
ernment is in default upon its obligations
to the United States.

A DECISION by the Attorney General
(May 5), at the request of the Secretary
of State, lays down the principle that
nations having made a "token" payment to
the United States on account of war
debt—Great Britain, for example—are
not in default while France is. Russia's
Soviet government is held in default as
inheriting its predecessor's obligations.

Navies and Peace Treaties

Success and failure mark
peace talks; but big navy
plans continue.

FRANCE, in a note to Britain (April 18)
indicates that the effort to reach a
Franco-British accord on disarmament in
Europe has failed. Increased German
appropriations are a menace which can-
not be ignored, says France. Negotia-
tions go back to Geneva.

AN obsolete navy within three years is
the statement of the Navy League of the
United States (April 27). Of 371 ships
all but 80 will be over age by the end of
1936. Since the first naval limitation
treaty of 1922 the U. S. has started 44
ships, Great Britain 151, Japan 153,
France 150, and Italy 145.

ANTI-WAR agreements are signed
(April 27) by twelve nations at Buenos
Aires, including the United States. Be-
gun by Argentina in September, 1933, the
pact has now been signed by all South
America, Central America, and the West
Indies, as well as Mexico and the United
States, with the exception of Colombia
and the Dominican Republic. Bolivia
adds its endorsement to the earlier sig-
nature of Paraguay, though both coun-
tries are engaged in war.

RUSSIA renews its non-aggression treaty
with Poland (May 5), extending until
1945 an agreement made in 1932. Both
nations renounce further territorial
claims against each other.

AN APPEAL to nations that the sale of
arms be refused to Bolivia and Para-
guay is made to the League of Nations
(May 12) in the formal report of its un-
successful Chaco Commission. The con-
flict is branded as senseless.

Europe: Economy and Politics

Paying the bills continues to be
a problem. Spain and Austria
make political changes.

THREE European nations on the same
day (April 14) take steps to reduce
expenses. In Russia the Council of Peo-
ple's Commissars adopts a program for
10 to 15 per cent reduction in adminis-

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REINHOLD NIEBUHR on The
Churches in Germany as a test case of the
vitality of Christianity in the modern world.

T. SWANN HARDING—Science and
Belief. Can "capitalist" scientists cast stones
at the aberrations of their "fascist" and "com-
munist" colleagues?

**THE SYLLABUS OF THE GER-
MAN PSYCHOLOGICAL SOCIETY**
1934. Translation and editorial by Professor
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trative costs. In Italy the cabinet council votes to reduce salaries of state employees by 6 to 20 per cent. In France the President signs decrees cutting soldiers' benefits. Earlier decrees had reduced civil employees' pay.

BRITAIN's budget as introduced by Chancellor of the Exchequer Chamberlain (April 17) proposes a 10 per cent reduction in income taxes and restoration of pay cuts and unemployed insurance benefits. It makes no provision for war-debt payment to the United States.

FASCISM in Great Britain is formally launched (April 22) by Sir Oswald Mosley. A mass meeting jams Albert Hall, the largest auditorium in London. The movement, he declares, will support the crown; and there will be no racial or religious discrimination.

SPAIN's cabinet of Alejandro Lerroux resigns (April 25) when President Zamora criticizes its passage of a bill pardoning 9000 persons who opposed the Lerroux regime (in office since December). Ricardo Samper forms a coalition cabinet (April 28).

AUSTRIA's parliament votes its own permanent dissolution (April 30) after ratifying the new constitution which may not come into use for years, approving the Dolfuss dictatorship, and authorizing it to assume the legislative function.

Obituary

Alfredo Zayas, 73. President of Cuba, 1921-25. April 11.

Richard P. Ernst, 76. U. S. Senator from Kentucky 1921-27. April 13.

John J. Blaine, 59. U. S. Senator from Wisconsin, 1927-33, and previously Governor. April 16.

Edwin V. Morgan, 69. Ambassador to Brazil from 1912 to 1933. April 16.

Samuel H. Ordway, 73. Former Justice of the N. Y. Supreme Court. April 19.

William C. Langfitt, 73. Major General, U. S. A., retired; chief engineer of the A. E. F. April 20.

David L. Luke, 69. President of West Virginia Pulp and Paper Co. April 21.

Le Baron Russell Briggs, 78. A life-long career at Harvard included the teaching of English, the office of dean, and the presidency of Radcliffe. April 24.

Paul Shorey, 76. For many years head of the department of Greek at the University of Chicago. April 24.

Hugh L. Scott, 80. Major General, U. S. A.; an Indian fighter who became early war-time Chief of Staff of the Army. April 30.

William H. Welch, 84. Dean of American physicians and teachers of medicine; one of the famous "Four Doctors" who founded Johns Hopkins Medical School. April 30.

William Cooper Procter, 71. Cincinnati's leading citizen; soap manufacturer, pioneer in profit-sharing. May 2.

William H. Woodin, 65. Secretary of the Treasury from March 4, 1933, to the end of that year; president of American Car and Foundry Company. May 3.

Albert E. Sleeper, 71. Governor of Michigan, 1917-20. May 13.

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